EUROPE'S BUSINESS NEWSPAPER

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WORLD NEWS

Shevardnadze seeks end to Afghan crisis

Soviet Foreign Minister Eduard Shevardnadze is flying to Pakistan next week in an eleventh-hour effort to curb the conflict in Afghanistan, where turmoil is growing as the Soviet withdrawal enters its final stage.

Conditions in Kabul, the Afghan capital are growing more dangerous as Moscow's troops move out and the Afghan rebels close in. Yesterday Britain joined the US and other countries which have shut their Kabul embassies and withdrawn their diplomatic staff. Page 22

Privacy bill fails

The Protection of Privacy Bill narrowly failed to pass its first Commons hurdle. It would have made breach of privacy a statutory offence. Page 3

Vengeance mother freed

The mother who poured boiling water over the man who raped her five-year-old daughter was freed by the Court of Appeal from a 30-month prison sentence.

Labour attack over NHS

Labour health spokesman Robin Cook said white paper plans for the health service, leaked to him ahead of Tuesday's publication, confirmed his "worst fears" about proposals for hospitals to opt out of local control. Page 5

Sopwith dies at 101

Sir Thomas Sopwith, the aviation pioneer whose fighter aircraft held key roles in two world wars, died at his Hampshire home, aged 101. Obituary, Page 5

Honecker criticised

Two unofficial groups criticised East German leader Erich Honecker for saying the Berlin Wall might stand for 100 years and urged him to permit open discussion of the country's problems.

French teachers strike

Teachers in France staged a one-day strike in protest at government plans to overhaul the country's education system. In Brussels, about 30,000 health workers demonstrated for higher wages and shorter hours.

AIDS hits Soviet children

The Soviet newspaper Trud said 27 children had caught AIDS from contaminated syringes. All had been in the same southern Soviet hospital, said Trud, which called for "idiot" doctors to be weeded from the health system.

Heroin dealer seized

Co-operation between authorities in West Germany, Pakistan, Norway and Britain led to the arrest in West Germany of a top international drugs dealer. The man, from Pakistan, was detained trying to sell 7lbs of heroin to a police undercover agent.

Defectors were betrayed

A West German man was given a suspended jail sentence for tipping off the East German security services that an East German couple planned to flee to the West. The man had pretended to help the couple escape.

Clough faces inquiry

Nottingham Forest manager Brian Clough was charged by the Football Association with bringing the game into disrepute. He faces a disciplinary inquiry into the incident, in which he appeared to manhandle fans who ran onto the pitch.

Door hindered firemen

Ruby Dey, who had fitted a security door and window bars at her home in Camden, North London, was found dead in her smoke-filled flat after firemen had been delayed breaking in to attempt a rescue.

Death of broadcaster

Broadcaster and journalist Arthur Marshall, a star of BBC Television's Call My Bluff programme, died aged 78.

BUSINESS NEWS

Optimism on Guinness Mahon stake

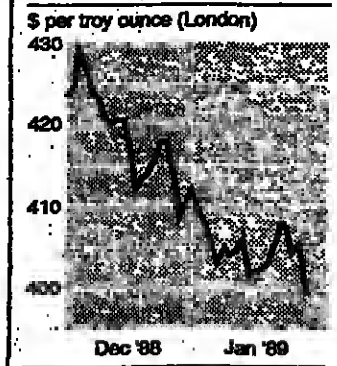
EQUITICORP: The New Zealand investment group's 61 per cent former stake in Guinness Mahon may soon be sold, it emerged yesterday. Geoffrey Bell, chairman of the bank, said he had received several inquiries from possible buyers and he thought the sale might be completed in a month or two.

A syndicate of 28 banks assumed Equiticorp's stake in Guinness Mahon after the liquidators were called in to the New Zealand company. Details, Page 10; Page 22

GOLD was fixed below $400 a troy ounce on the London bullion market, the first time since October 5. The price closed at $399.25 an ounce. Week in the markets, Page 15

Gold Price

$ per troy ounce (London)



LONDON LIFE, mutual life insurer, won overwhelming support for its planned merger with Australian Mutual Provident. Page 22

WALES emerged as front-runner for the £600m plant that Toyota, Japanese motor manufacturer, hopes to build in Britain. Page 22

SWITZERLAND is to help the US Securities and Exchange Commission investigate a case of suspected insider share trading alleged to have taken place shortly before France's state-owned Pechiney launched a $1.26bn (£711m) bid for Triangle Industries of the US. It is the first US request for help since a Swiss law against insider trading took effect on July 1

SIR LEON Brittan, European Commissioner for Competition Policy, said he would urge EC governments to adopt plans for an EC-wide merger control policy. The scheme would allow Brussels to vet possible anti-competitive cross-border mergers before they go ahead. Page 2

TSB is to create a unified banking division, linking its operations in Scotland, Northern Ireland and the Channel Islands with TSB England & Wales. Page 3

JOHN ELLIOT, chairman of Elders IXL, Australian finance and brewing group, said he would not bid for MB Group, UK packaging, security and central heating company, in which Elders Investments has a 5.1 per cent stake. Page 8

GRAND METROPOLITAN, UK drinks and food group, is to give Brent Walker, leisure and property group, 119 licensed betting offices in return for 52 pubs. The assets are estimated to be worth £90m with GrandMet paying Brent Walker a balance of £19m. Page 8; Lex, Page 22

JOHN FAIRFAX, Australian newspaper group, agreed the completion of a A$1.5bn (£743m) medium-term refinancing deal with its major bankers. Page 11

RTZ, British minerals group, is selling its share allocation in Pasminco, lead and zinc giant, to Mitsui Mining and Smelting, Japanese consortium. Page 10

NOMURA SECURITIES, Japanese stockbroker, is to buy a 5 per cent stake in Munich-based Matuschka, financial services group. Page 11

Share prices soar on hope of peak in base rates

By Peter Norman, Economics Correspondant

LONDON SHARE prices soared yesterday after better than expected UK trade figures for December suggested that bank base rates may now have reached their peak at 13 per cent.

The rise was one of the strongest since the October 1987 stock markets crash while trading volumes were a post-crash record.

Underpinned by institutional buying of equities and a firm start to Wall Street's trading day, the FT-SE 100 share index burst through the psychologically important 2,000 barrier to close up 46.1 at 2005.9. The index has risen nearly 12 per cent this year.

The FT Ordinary index gained 37.6 to 1,638.9 yesterday and gilt edged securities rose about ¾ points. In New York, the Dow Jones Industrial Average surged to 2,339.11, up 48.04, by midsession.

City analysts reported that a "sea of blue" figures, signifying rising share prices, covered traders' screens, as most British blue chip shares showed double figure gains.

Ironically, the share buying spree followed the announcement of Britain's fourth worst monthly current account deficit last month. Overall last year, Britain's current account deficit more than quintupled last year to a record £14.3bn from £2.7bn in 1987.

The Department of Trade and Industry reported that the seasonally adjusted current account deficit in December fell to an estimated £1.26bn and revised downwards its estimate of November's deficit to £1.47bn from the £1.61bn level announced last month. With the City braced for a £1.5bn current account deficit in December, the news was a signal to investors to buy shares in the belief that interest rates will rise no further in the foreseeable future.

Although economists said it was too early to say whether Britain's trade and current account has taken a turn for the better, the figures contained some encouraging signs.

The flow of imports appears to have slowed. In value terms, monthly imports at £8.77bn were practically unchanged between November and December. Meanwhile, the growth of volume imports, excluding so-called erratic items such as ships, aircraft and precious stones, declined to around 2 per cent between the third and fourth quarters from around 8 per cent between the second and third quarters of last year.

The import figures were boosted by continued large scale purchases of capital goods from abroad, reflecting British industry's strong investment spending. By contrast, car imports fell sharply between October and December, although analysts cautioned that motor vehicles are a particularly erratic element in the trade figures.

The decline in car imports was matched by a 38 per cent rise in the admittedly much smaller volume of British car exports between the third and fourth quarters of last year. Overall, the DTI said the underlying level of non-oil export volumes had "if anything . . . shown some growth" in recent months.

Exports rose in value terms to £7.1bn in December from £6.9bn in November bringing the visible trade deficit down to £1.66bn last month from £1.87bn in November. The DTI estimated Britain's invisible trade surplus from items such as banking, insurance and tourism was £400m monthly throughout the final quarter of last year.

As euphoria gripped London's stock market, many City economists warned that last month's improvement in the trade and current account figures could not alone justify yesterday's sharp rise in share prices.

Mr Jeffrey Thompson, head

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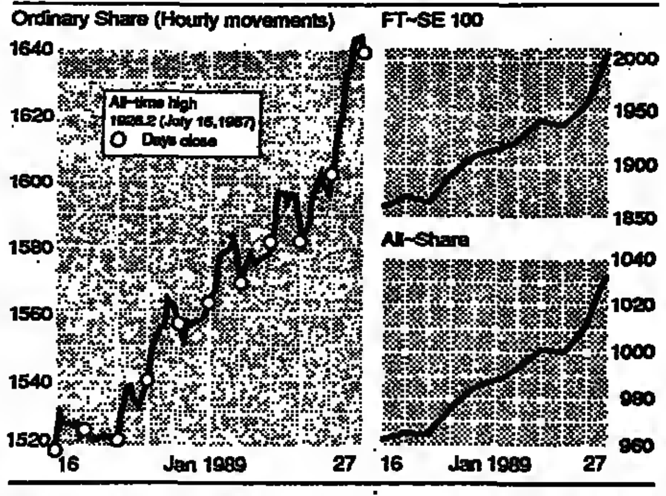
FT Indices



Action on teacher shortage

By David Thomas, Education Correspondent

RADICAL innovations in teacher training are planned by the Government in an effort to attract a broader range of recruits, amid fears in Whitehall of shortages in the profession early in the next decade.

A range of measures to expand recruitment were announced yesterday by Mr Kenneth Baker, Education Secretary, in a speech to senior ednucation officers from local authorities. He also urged the governing bodies of some schools to increase school hours by up to 25 per cent to cope with the demands of the new national curriculum. Primary schools now offering 20 hours of teaching a week, for instance, should bring their timetables into line with schools offering 25 hours.

Most of Mr Baker's speech was devoted to the problem of teacher shortages, which the Government has acknowledged could be severe in secondary schools in mathematics, physics, chemistry, technology, languages and music by 1995.

He said: "I am well aware that the position is still far from ideal. The demographic changes of the 1990s and the requirements of the national curriculnm will increase demand for teachers in the present shortage subjects."

The Government is to introduce an experimental system of school-based teacher training, by which students would be given more responsibility during training.

This would be an alternative to the present system under which graduates return to college for a further year of teacher training. Students choosing the new route would be paid, rather than receive a grant.

Mr Baker will also soon issue draft regulations setting out a simplified system for people in mid-career to switch to

Continued on Page 22

Testing time for public schools, Page 3; Universities seek £180m for salaries and research; Ilea wants more for final budget, Page 5

$ surges after GNP rise

By Peter Riddell in Washington and Simon Holberton in London

US FINANCIAL markets and the dollar surged yesterday after the Commerce Department released figures showing that the US economy grew at an annual rate of 3.1 per cent in the fourth quarter of last year.

On Wall Street, equity and bond prices rose strongly as the lower-than-anticipated rise in inflation was seen as a reason for no further tightening in monetary policy.

Analysts also saw in the Gross National Product figures signs of the economy slowing, but central banks in Europe and North America were forced to intervene repeatedly in currency markets to curb the rise in the dollar.

The figures showed that real GNP increased by 2 per cent at an annual rate in the fourth quarter, down from 2.5 per cent previously.

However, if losses in crops and livestock resulting from the drought are excluded, growth was 3.1 per cent compared with 3 per cent previously.

Equities were also given an unexpected boost by comments in Washington by President Bush, who said he favoured a cut in capital gains tax.

By mid-session the Dow Jones Industrial Average was 53.39 points higher at 2,334.46. The US Treasury's key 30-year bond was up ¾ of a point at 102$\frac{21}{32}$ to yield 8.737 per cent, raising hopes that the Treasury market had broken out of its 8¾ per cent to 9¼ per cent trading range.

However, the figures, which also underlined the strength in non-farm output, fuelled speculation in foreign exchange markets that US interest rates would remain firm to rising over the near term.

Mr Alan Greenspan, chairman of the Federal Reserve, has said that expansion at the recent 3 per cent rate risked fuelling higher inflation. Yesterday, President Bush, in his first formal press conference, sought to minimise recent differences.

He said: "I don't think I'm far apart from chairman Greenspan at all . . . Because of plant capacity utilisation he's more concerned about inflationary pressures than I am right now.

"That's an area of difference, but basically we're fairly close together."

In detail, the figures show that over 1988 real GNP

Continued on Page 22

Money Markets, Page 11

Apple Computer faces profits fall

By Louise Kehoe in San Francisco

APPLE COMPUTER, the US personal computer maker, which last year tried to beat a worldwide shortage of dynamic random access memory chips, now faced its first quarterly profits fall in nearly three years as a result, the company said yesterday.

US prices of some products are being cut, recruitment curtailed and spending reduced.

In the three months to March, the second quarter of Apple's financial year, earnings would be 35 cents to 45 cents a share, equal to profits of $45.5m (£25.7m) to $58.6m after tax, it said.

This compares with profits of $79.7m – 61 cents a share – in the corresponding period a year before, and will be the first quarterly profits fall since the third quarter of 1985 when Mr Steve Jobs, an Apple founder, quit as chairman.

A week ago Apple confirmed analysts' estimates of 65 cents a share for the current quarter.

The news sent Apple's share price sharply lower. In early morning trading on Wall Street they were down $5 at $36.25.

The company bought many drams in the summer when prices were at a peak, because it expected demand to rise for its high-performance systems. The systems use many drams because of memory requirements.

In September, Apple raised its prices in North America by 12 per cent to 15 per cent, to reflect high chip costs. Sales of fully-configured systems fell as a result, with customers turning elsewhere for cheaper add-on memory boards, Mr John Sculley, Apple chairman, said yesterday.

As a result, Apple was left with an oversupply of high-priced drams. Meanwhile, dram prices fell as shortage eased.

Mr Sculley said: "We were facing a critical shortage of drams. We were forced to buy on the spot market at prices of around $38, three times the contract price." Today the spot market price for 1 megabit drams is about $23 per chip.

Lex, Page 22

Equipment shortages will hamper launch of satellite TV

By Raymond Snoddy

FEW VIEWERS will be able to tune in to Mr Rupert Murdoch's first four satellite television channels when they are launched a week tomorrow.

A shortage of receiving equipment in the shops and a failure to reach agreement with cable television networks means fewer than 5,000 homes could be viewing when Mr Murdoch, chief executive of News International, hosts a launch reception in London.

Mr Jim Styles, managing director of Sky Television, which plans to transmit six channels on the Astra satellite by the end of the summer, said: "There are not going to be many at launch time."

The shortage of receiving equipment is so serious that Sky is considering hiring an airliner to fly receivers from the Far East. Some are already being flown in at considerable expense.

Mr Alan Sugar, chief executive of Amstrad Consumer Electronics, which plans to produce up to 1m receivers in the first 12 months of Sky Television, said yesterday thet the equipment was being manufactured at the rate of 1,000 a day – a figure he said would double by March and treble by April.

Dixons and Currys, electronics retail chains selling the Amstrad equipment, have only one satellite receiver per shop, for demonstration purposes.

The main cause of the delay in the arrival of Amstrad equipment was a halt in production in the autumn.

Mr Sugar said: "Unfortunately during the development of this whole project certain things were unclear and we did cease production for five or six weeks."

It is believed that following Mr Murdoch's decision to move from a free movie channel to a pay channel involving a scrambled signal, Amstrad was unable to get clear instructions about the specifications. Signal receiving equipment without sockets to enable a decoder for the film channel to be added could have become redundant.

Cable television companies, which could give all Sky channels instant access to around 53,000 homes, are angry at the money that Mr Andrew Neil, executive chairman of Sky Television, is seeking.

Mr Nicholas Mearing-Smith, chairman of the Cable Television Association said: "We are still a long way apart on terms."

Weekend FT

MAD WORLD OF BANKING

Suddenly, the world's bankers have developed an insatiable appetite for exceptionally risky propositions. They are virtually jumping out of windows. Report by **John Plender**

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Finance

David Barchard *investigates the changing nature of current accounts*

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Property

To international buyers, London still possesses undimmed appeal. **John Brennan** *explains why*

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Travel

Sailing: **Christopher Dunkley** *and* **Keith Wheatley.** *Ireland:* **Kieran Cooke.** *China:* **Daniel Green.**

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Stuart Marshall on the Range Rover; plus cars as an investment

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Arts

William Packer on the Leonardo exhibition at London's Hayward gallery

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MARKETS

STERLING	DOLLAR	STOCK INDICES
New York lunchtime:	New York lunchtime	FT-SE 100:
$1.758	DM1.8665	2,005.9 (+46.1)
London:	FFr6.34	FT Ordinary:
$1.759 (1.7725)	SFr1.588	1,638.9 (+37.6)
DM3.275 (3.2675)	Y129.35	FT-A All Share:
FFr11.1425 (11.1125)	London:	1,034.11 (+2.3%)
SFr279 (2.7775)	DM1.8625 (1.844)	FT-A long gilt yield
Y227.25 (227)	FFr6.335 (6.27)	index high coupon:
£ index 98.1 (same)	SFr1.5865 (1.5675)	8.99 (9.07)
GOLD	Y129.15 (128.1)	New York lunchtime
New York: Comex Feb	$ index 67.3 (66.9)	DJ Ind. Av.
$396	Tokyo close: Y128.65	2,336.07 (+45)
London:	US LUNCHTIME RATES	Tokyo: Nikkei
$399.25 (405.5)	Fed Funds 9$\frac{3}{16}$%	31,846.13 (+134.32)
N SEA OIL (Argus)	3-mo Treasury Bills:	LONDON MONEY
Brent 15-day Feb	yield: 8.604%	3-month interbank:
$17.175 (17.55)	Long Bond:	closing 13% (13$\frac{1}{16}$)
	102$\frac{21}{32}$	
	yield: 8.734%	

Chief price changes yesterday: Page 22

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Bush wants to regain initiative from Moscow

By Peter Riddell, US Editor in Washington

PRESIDENT George Bush wants to go on "the offense" in moving forward the US relationship with the Soviet Union rather than let Moscow set the agenda, though he believes it will take time to reassess policy.

He was speaking during an unscheduled 40-minute press conference in the White House press room, the first formal one of his presidency.

Mr Bush covered a range of foreign policy issues – confirming that he will make a brief stop in South Korea on his way back from China and Japan in a month's time, discussing East/West relations, talks with the Palestine Liberation Organisation, and the "Star Wars" Strategic Defence Initiative.

As revealing as the content was, Mr Bush's style – relaxed, self-assured, in command of detailed facts – was in marked contrast to former President Ronald Reagan's often-bumbling performances. It was also significant thet Mr Bush chose to hold the press conference in mid-morning and in an informal way, whereas his predecessor held infrequent, formal sessions, more like state occasions, at peak television viewing bours in the evening. Mr Bush was able to identify most questioners by name without prompting.

Mr Bush denied that his visit to China was in any sense "going one up" on Mr Mikhail Gorbachev, the Soviet leader, with whom he had "rather a long talk" on the telephone earlier this week. He said the visit stood on its own.

He believed the Soviet Union did not regard the new administration's reassessment as foot-dragging: "Let's take a look at where we stand on our strategic arms talks, on conventional force talks, on chemical-biological weapons talks, on some of our bilateral policy problems with the Soviet Union, formulate the policy and then get out front – 'here's the US position'."

More generally, he said, "I don't want to play defence and I don't want to look like we're foot-dragging, just waiting around to let otbers set the agenda. But prudence is the order of the day."

On the Middle East, Mr Bush referred to the PLO "dramatically" agreeing to the main points of the US policy in relation to Israel. He said, however, that it was too soon to say what the next development would be, or whether tbere would be a meeting with Mr Yassir Arafat. "We've just started talking to them . . . .you crawl before you walk."

On the hostage issue, Mr Bush said he hoped for better relations with Iran. He said that as far was known by US intelligence, Iran itself held none of the 10 US hostages. But he believed Iran had influence with the groups holding the bostages. "The renunciation of terror in any form and a facilitating, to the degree they [Iran] can, a release of the hostages would be a couple of good steps they could take."

On SDI, President Busb accepted the view of Mr John Tower, the designated Defence Secretary, that the Star Wars defence systems would not provide an impregnable shield against nuclear missile attack.

"If he's talking about [it not being] a shield that's so impregnable that it probably eliminates the need for other defence I probably would agree with him." This contrasts with the language sometimes used by Mr Reagan.

Bush: self-assured

Depositors given reassurance over US thrift crisis

By Lionel Barber in Washington

PRESIDENT Bush yesterday attempted to calm a growing political etorm over the savings and loan crisis, assuring Americans that their deposits in the financial troubled thrift institutions were safe.

The new Busb administration may have to spend $50bn-$100bn to rescue the ailing thrifts. A US Treasury plan is to be submitted to the White House next week.

The S&L crisis has triggered a search for scapegoats, including Mr Nicholas Brady, US Treasury Secretary, and the nation'e largest accounting firms, three of whom have been sued by federal regulators for allegedly failing to detect fraud and mismanagement of various thrifts.

Some dozen accountancy firms, three of them among the Big Eight partnerships that lead the profession, are being sued by regulatory authorities or disgruntled investors. The suits allege malpractice and negligence by the firms in their audits of some ailing thrifts.

The firms allegedly issued clean bills of health to the thrifts after the accountants failed to unearth the thrifts' financial problems, which in some cases had grown to the point of insolvency.

The plaintiffs are seeking hundreds of millions of dollars of damages from the firms to cover financial losses they suffered in subsequent rescues of the failed institutions.

The Federal Home Loan Bank Board (FHLBB) is seeking $300m from Touche Ross and former directors of Beverly Hills Savings & Loan in California. The board said the institution's accounts were deemed acceptable by Touche Ross in 1982 and 1983 even though the thrift had deviated from standard accounting practices.

It is also suing Deloitte Haskins & Sells for $250m over its 1983 and 1984 audits of Sunrise Savings & Loan Association of Boynton Beach, Florida. A third Big Eight firm, Coopers & Lybrand, is being sued by former investors in a second Florida thrift.

The three firms have yet to comment on the suits, which were made public by Mr Danny Wall, FHLBB chairman, in testimony to Congress.

Mr Brady has run into fierce criticism for floating the idea of imposing a 25-30 cent levy on each $100 of deposits in federally insured financial institutions. Though the Administration has likened the levy to an increase in insurance premiums, congressional critics have described it as a tax on customer bank deposits.

Mr Bush, speaking in his first White House news conference yesterday, said the controversial Treasury proposal was only an option and he defended Mr Brady, an old friend

He added that the nation's thrifts were sound: "These deposits are backed by the full faith and credit of the US Government; they are dollar good. I just wanted to assure the American people about that."

The General Accounting Office, an auditing and investigating arm of Congress, said the savings and loans regulatory body (FSLIC) had overextended itself in trying to put together a thrift rescue package last year.

The FSLIC had spent or promised to spend $26bn (£15bn) more than it would take in over the next 10 years, the GAO said, noting that $35m more would be needed to close 350 insolvent thrifts still open.

The S&L crisis stems from a complex mixture of deregulation, high interest rates, fraud and poor investments made by the thrifts in the early 1980s. Many believe Congress exacerbated the problem by preventing the regulators from closing thrifts promptly.

The Senate banking committee is to open hearings next week, and lawmakers are expected to examine possible rescue plans as well as the regulatory implications of the crisis. These may include plans to strip the FHLBB and the FSLIC of regulatory powers.

Arafat rejects West Bank election

By Peter Bruce in Madrid

MR YASSIR ARAFAT, leader of the Palestine Liberation Organisation, last night forcefully ruled out any PLO participation in municipal elections being mooted by the Israeli Government in the occupied territories.

At the same time, Mr Arafat confirmed that the PLO had made its first official contact with tbe new US Administration in Tunis on Tneeday and he urged President George Bush to "turn a new page" in US policy in the Middle East.

Mr Arafat was speaking after a two-day visit to Madrid, which holds the presidency of the European Community until June, during which he held talks with the Spanish, French and Greek foreign ministers, the so-called "troika" mandated to seek a peace settlement on the EC's behalf.

Although both sides said the talks had been fruitful, Mr Fransisco Fernandez Ordonez, the Spanish Foreign Minister, said afterwards: "The point is there has been no agreement. Remember, I have to talk for Britaln and Greece." Recognition of the PLO was a matter for individual EC members, he said.

Assassinated

Mr Arafat dismissed the municipal election proposal, saying that previous PLO mayors and municipal officials had lost their jobs, been attacked or assassinated. "Do you want us to repeat this experience. We are for elections, but only in unoccupied territory."

Mr Ordonez, who visited Israel earlier this month, said Mr Yitzhak Shamir, the Israeli Prime Minister, would probably visit Madrid in February or March after talks with President Bush in Washington.

Welcoming Mr Arafat to Madrid, Mr Ordonez made it clear the EC would not bow to Israeli demands that it drop its political interest in the region.

"The European Community cannot and will not be absent in the efforts to contribute to the peace process in the Middle East," he said.

Israelis free PLO chief, Page 3

Howe and Genscher seek to heal rift over Tornado

By David Marsh in Bonn

BRITAIN and West Germany yesterday sought to tone down differences over a planned sale of eight Tornado fighter-bombers to Jordan, as a split opened up within Chancellor Helmut Kohl's coalition over Bonn's growing role in exports of sophisticated weaponry to the Third World.

Mr Hans-Dietrich Genscher, the West German Foreign Minister, said he reassnred Sir Geoffrey Howe, the UK Foreign Secretary, in Bonn yesterday that the Federal Republic would stick to carrying out its part of the Jordan contract.

The deal has been the focus of controversy in Bonn for several months, bot came to a head again yesterday in the Bundestag (federal assemhly) because of participation by a Bavarian state-backed bank in financing the sale.

West Germany participates in producing the Anglo-German-Italian aircraft through Messerschmitt-Bölkow-Blohm, the Bavarian aerospace company which is due to become part of the Daimler-Benz conglomerate. In view of Jordan'e front-line position among Arab states opposing Israel, and West Germany's continuing burden of responsibility over the Holocaust, politicians and public opinion are especially sensitive about the transaction.

In the Bundestag yesterday, the deal was defended by Mr Wolfgang Schäuble, the Bonn Chancellery Minister. Involvement of the public sector in financing it came under attack however not only from the Social Democratic and Greens opposition but also from the liberal Free Democrats, the junior partner in the Kohl coalition.

Mr Genscher told a press briefing that he explained to Sir Geoffrey the "moral and historical" dimension to parliamentary reservations over the deal. Sir Geoffrey, who was visiting for consultations over East-West and European Community matters, said he hoped Tornado sales would increasingly become "management" rather than political matters.

The flurry of criticism over the Jordan deal bas been amplified by public disquiet over revelations of West German companies' involvement in building a chemical weapons factory in Libya. The peace-making image of Mr Genscher – a perennial advocate of banning chemical weapons world-wide – has been badly scrstched amid revelations of government laxity in following up leads over the Libyan affair.

Mr Genscher yesterday said the European Community would be trying to stop the Libyans nsing the plant at Rabta, south of Tripoli, from starting production of chemical weapons. This could involve controls on sales of technology and spare parts to Libya, he said, adding: "We have a number of ideas."

Over the question of modernisation of short-range nuclear missiles in West Germany, to be discussed by the North Atlantic Treaty Organisation early in the summer, Sir Geoffrey acknowledged differences with Bonn over the timing of a decision. Mr Gensсber has firmly opposed talk of introducing a more deadly replacement to ageing Lance missiles in the Federal Republic. In a view which seems to be backed also by Chancellor Kohl, Mr Genscher argues that this would counter efforts to agree general disarmament with Moscow.

Sir Geoffrey said both sides wanted to keep conventional and military cspabilities "up to date". He warned the German public against reacting euphorically to the latest string of disarmament proposals by the Warsaw Pact.

Italian Navy freed to buy Sea Harriers

By John Wyles in Rome

THE Italian Parliament has paved the way for a contract for a verslon of tbe British-designed Sea Harrier by endlng a 62-year-old prohibition on the Italian Navy from flying fixed-wing aircraft.

The navy said yesterday that it had still not been decided wbether to place np to 18 orders for British Aerospace FRS2 Harriers or for a new version of the Anglo-American AV8B Harrier which is to be jointly developed by its mannfactnrere, Brltish Aerospace and McDounell Douglas of the US.

Both are air defence versions of the vertical-take-off design equipped with sophisticated radar. However, wbereas the FRS2, with Marconi's Blue Vixen radar, is already flying with the Royal Navy, the AV8B has yet to be developed in a version capable of carrying the APG 65 radar system used by American F18 fighters.

Delivery dates could be crucial for the navy, which has been arguing for at least three years that it must urgently equip its aircraft-carrying battleship, the Garibaldi, with air defence. As a result, it may be tempted to go for the FRS2, a proven success with an allied navy, rsther than wait for the Anglo-American alternative, whose delivery dates are uncertain because a source of funding for developing it has still not been settled.

It remains to be seen how the navy will fnnd its purchases. The Minister of Defence early last year prepared a L30,000bn (£12.6bn) armed forces re-equipment proposal which has still not found its way to the cabinet. Given Italian public spending problems, the navy will almost certainly have to bny the Harriers out of its own budget, at the expense of other projects.

Winning the right to fly airplanes has been one of the navy's toughest battles. Navy fliers were grounded in 1926 when the Fascist Government created the Italian Air Force, and it was not until a couple of years ago, when the air force eventually dropped its veto, that it finally began to look likely that the Garibaldi's empty flight deck would eventually be filled.

Rival Yugoslav leaders head for showdown

By Aleksandar Lebl in Belgrade

A BITTER power struggle between two of Yugoslavia's Communist Party chiefs, which has deepened the country'e divisions and prompted a virtually unprecedented round of public mud-slinging, is coming to a head.

The quarrel pits Mr Slobodan Milosevic, the controversial Serbian party leader, against Mr Stipe Suvar, a politician from Croatia who currently holds the leadership of the national Communist Party, a post which rotates among Yugoslavia'e constituent republics.

A showdown between the two men is expected at a meeting of the central committee of the national Communist Party, due to begin on Monday after its unexpected postponement from the middle of this week.

A campaign to oust Mr Suvar has been gathering pace both in Serbia proper and in two regions where demonstrators loyal to Mr Milosevic have in recent months toppled the local leadership: Vojvodina province in the north and the republic of Montenegro in the south.

Supporters of Mr Snvar, a 52-year-old party ldeologue, have branded the Serhian leader a power-hungry populist with totalitarian leanings.

Milosevic backers accuse the Croatian leader of trying to obstruct the Serbian chief's drive to secure greater control over the two provinces which are associated only loosely with Serbia proper: Vojvodina and Albanian-populated Kosovo.

Boeing confident quality under control

By Michael Donne, Aerospace Correspondent

BOEING, the world's biggest huilder of jet airliners, is confident it has conquered its problems of quality control, and is pressing ahead with plane to increaee tbe production rates of all its jet airliner types.

Mr Phil Condit, executive vice-president of Boeing Commercial Airplanes, said yesterday that to meet soaring orders, the production rate of tbe 737 twln-englned short-to-medium-haul jet would be raised from the present 14 aircraft a month to 17 by 1990.

The 747 long-range jumbo jet would go up from the present four a month to five this year. Tbe 757 twin-englned, medium-range jet would go up from four a month to five this year, and then to seven a month in 1990.

The 767 twin-engined, medium-to-long-range jet would go up from 3½ aircraft a month at present to four this year, and then to five in 1990.

Total orders to date for the 737 amount to 2,267, with 1,560 delivered; orders for the 747 are 890, with 712 delivered; for the 757, 403, with 206 delivered; and for the 767, 352, with 246 delivered.

Mr Condit said Boeing believed it had less of a quality control problem than many reports had indicated, but was etrlving to eliminate difficulties where it found them.

"Our thrust now is to look at everything we do in detail, across the board in design, planning and engineering, to see how we can do it better – getting it right first time".

He stressed, however, that the company aimed to raise its production rates in a "measured, careful way" to ensure quality did not suffer as a result of the increased demands made on the production workforce.

He said that despite the many reports of possible faulty wiring in the 737-400s, the company had so far checked 495 of the 737-300s and 737-400s in service world-wide and found nothing wrong with them. There were still nine aircraft to be checked.

Of the 757s, only a handful had been found with faulty wiring in the fire extinguisher bottle systems of over 200 aircraft delivered.

A revised delivery programme for the 747-400 jumho jets wonld he announced next week. That programme had been under review, with deliveries delayed, because of problems arising from the complexities of certificating three different engines (General Electric, Pratt & Whitney and Rolls-Royce) on the aircraft, and a greater than expected number of customer-requested design changes to individual aircraft. The first 747-400 was delivered to Northwest of the US on Thursday this week.

At the eame time, an aviation industry task-force which had been studying the maintenance programmes of older types of Boeing jets had made recommendations to the US Federal Aviatlon Administration and it was expected that a series of recommendations on specific modifications to such aircraft would be issued soon.

Senate backs hardliner as Trade Representative

By Nancy Dunne in Washington

MRS CARLA HILLS, President Busb'e choice for US Trade Representative, received swift and unanimous approval by the Senate Finance Committee yesterday after she promised to use a "crowbar" to pry open markets for US goods and suggested retaliation if no agreement was reached with the Airbus consortium countries over subsidies.

Mrs Hills also hit out at the Japanese, who she said were failing to carry out an agreement to increase market access for semicondnctors. The precise agreement has never been announced, but it is believed that the Japanese have promised to boost the US share of their semiconductor market to 20 per cent by 1991.

Mrs Hills, billed in her introduction by Republican Senator Pete Wilson as having "the guts of a lion," said the US would seriously consider using "strong unilateral tools" of retaliation *if the negotiations* did not produce an agreement over Airbus subsidies. However, she said firmly: "I'm not prepared to tell you what action because I don't think a good negotiator publicly states what action we will take."

She said that the "credible threat" of retaliation is necessary for US attempts to persuade other nations to open their markets. "Actual retaliation will be used, albeit reluctantly, to present the credibility of this threat."

Senator Lloyd Bentsen, the committee chairman, sounded just as tough in his demands for a close working relationship between the Administration and Congress on trade. He treated Mrs Hills to a sharp lecture about how the Reagan Administration "went its own way on trade" and got "*stiffed*" in negotiations.

Mrs Hill was reassuring and promised co-operation, She also moved to counter conflict-of-interest charges.

LEGAL NOTICES

No. [illegible] of 1989

IN THE HIGH COURT OF JUSTICE

IN THE MATTER OF:

THE GREAT UNIVERSAL STORES PUBLIC LIMITED COMPANY

AND IN THE MATTER OF:

THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 20th day of January 1989 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named Company from £86,250,000 to £64,605,289 by returning capital which is in excess of the wants of the Company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Millett at the Royal Courts of Justice, Strand, London, on Monday the 6th day of February 1989.

ANY Creditor or Stockholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of Capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same.

DATED the 28th January 1989.

LINKLATERS & PAINES (A.Rob)
Barrington House
59-67 Gresham Street
London EC2V 7JA
Solicitors for the Company

PERSONAL

AUTHORS Your book published. For details: FT, Excalibur Press, 1 Elysian Place, London SW3 3LA.

6 Chinese SHAR-PEIs. Dogs to breed, Hong-Kong line, 3 of them awarded a prize in 1987, German documents (VHD), aged btw. 1 and 3 ys., will also be sold separately, offers please to Mrs E Sawatzki, Vettelhovenerstr. 114, D-5482 Holzweiler, W. Germany, or please phone Germany 02641/5874.

GRANVILLE

SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E
305	185	Ass. Brit. Ind. Ordinary	305xd	+2	10.3	3.4	8.2
301	186	Ass. Brit. Ind. Cals	301	+1	10.0	3.3	-
42	25	Armitage and Rhodes	31	0	-	-	-
57	30	BBB Design group (USM)	30	0	2.1	6.8	4.8
173	150	Bardon Group (SE)	150	0	2.7	1.8	25.6
117	100	Bardon Group Cv. Pref. (SE)	106	+1	6.7	6.3	-
148	103	Bray Technologies	118	0	5.2	4.4	7.9
114	100	Brembill Conv. Pref	107	0	11.0	10.3	-
287	246	CCL Group Ordinary	287	0	12.3	4.3	4.3
170	124	CCL Group 11% Conv.Pref	168xd	0	14.7	8.8	
154	129	Carbo Plc (SE)	150	0	6.1	4.1	13.0
113	100	Carbo 7.5% Pref (SE)	118	0	10.3	9.4	
360	147	George Blair	360xd	0	12.0	3.3	7.9
121	60	Isis Group	121xd	0			15.9
118	87	Jackson Group (SE)	120	+5	3.3	2.8	13.3
287	245	Multihouse NV (AmstSE)	286	0	-	-	-
119	40	Robert Jenkins	104	0	7.5	7.2	3.9
430	124	Scrattons	405	0	0.0	2.0	36.8
280	194	Torday & Carlisle	270	0	7.7	2.9	13.1
280	100	Torday & Carlisle Conv Pref	105	0	10.7	10.2	-
98	56	Trevian Holdings (USM)	96	0	2.7	2.9	10.3
113	100	Unistrut Europe Conv Pref	106	0	8.0	7.5	
365	350	Veterinary Drug Co. Plc	365	0	22.0	6.0	9.4
365	203	W.S Yeates	365	+3	16.2	4.4	70.2

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Prices taken at 5pm and change is from previous close at 9pm

Year of bitter trade disputes predicted

By William Dullforce in Davos

THE GENERAL Agreement on Tariffs and Trade (Gatt) is dead and 1989 will be a year of "incredibly sharp trade disputes", according to Professor Lester Thurow, professor of economics at the Massachnsetts Institute of Technology.

Gatt's trade-liberalising Uruguay Round should be abandoned; it was a dead end and would not lead anywhere, he told leading world businessmen at the annual World Economic Forum in this Swiss ski resort yesterday.

Prof Thurow, an influential US columnist and commentator, placed the demise of the international trade organisation in the context of rising protectionism and the division of the world into three big trading blocs - the single-market European Community, North America and an Asian bloc centred on Japan.

Charting the rise in protectionism, Prof Thurow said 15 to 20 per cent of US imports had been affected by trade restrictions in 1980. In 1988, 30 to 40 per cent were subject to some form of non-tariff barrier.

In Europe the commonly voiced attitude was: "We are not going to let the Japanese do here what they have done in the US."

However, Prof Thurow was not alarmed at the break-up of the world into big trading blocs. It denoted the development of free regional economies and should be seen as a step towards a world economy.

An equivalent of Gatt would have to be set up to manage trade among the three blocs, he proposed.

President Robert Mugabe of Zimbabwe told the forum that southern Africa could become the economic giant of sub-Saharan Africa.

The region had abundant natural resources, a generally well-developed infrastructure and a pool of skilled manpower.

Mr Mugabe said the agreement between Angola, Cuba and South Africa, opening the way for an end to the fighting in Angola and independence for Namibia, should be conducive to development.

However, he emphasised that the pre-conditions for economic evolution in southern Africa were the abolition of apartheid in South Africa and *massive financial* support from the international community.

The long-term external debt of sub-Saharan Africa totalled some $130bn, giving a ratio of debt to Gross National Product of over 76 per cent for low-income Africa. It compared with a ratio of 56 per cent for the world's 15 big debtor nations.

The developed countries could ease this situation by pegging debt service to a given percentage of export earnings and writing off the debts of the poorest countries.

Ericsson wins Australian telecom orders

ERICSSON, tha Swedish telecommunications and electronics group, has won two orders to supply AXE digital equipment to Australia worth A$83.6m (£41m), Robert Taylor reports from Stockholm.

The largest will provide Telecom Australia with digital equipment for its new local, transit and trunk exchanges, and extend existing exchanges across the country. This A$81m order is scheduled for delivery this year and through 1990.

The other is for an extension of the Overseas Telecommunication Commission Australia exchange at Scoresby, Melbourne, worth A$2.6m. Both of them confirm the big market lead enjoyed by Ericsson in Australia.

Brittan holds to policy on EC mergers

By William Dawkins in Brussels

SIR LEON Brittan, tbe European Commissioner for Competition Policy, yesterday promised to press European Community governments to adopt controversial plans for EC-wide merger regulation.

In his first speecb since starting at the Commission, Sir Leon also revealed he was preparing plans to scrap further competitive distortions in the air transport, energy and telecommunications industries.

Sir Leon's address at Newcastle University is the clearest confirmation yet that he will carry on the Commission's plans for a merger control policy, prepared by his predecessor, Mr Peter Sntherland, rather than attempt to draw up new proposals. The scheme would give Brussels the right to vet potentially anti-competitive cross-border mergers before, rather than after, the event, as is the case at present.

"Attempting to unscramble the omelette is bound to be bad for business," said Sir Leon, who maintained there was a broad consensus in favour of the scheme. "For those who believe in simplifying regulations and rednclng bureaucracy, as has been done so effectively in this country over the past decade, it should have much to commend itself."

Sir Leon insisted that there would be a clear division between the Commission's powers over large mergers with implications for the whole Community and smaller takeovers which would be subject only to national regulation. Britain and West Germany are sceptical abont the scheme because of possible confusion between national and European anti-trust authorities.

Lord Young, the UK Trade and Industry Secretary, will meet Sir Leon, Mr Frans Andriessen, the External Relations Commissioner, and Mr Martin Bangemann, the Commissioner for Industry and the Internal Market, on Monday for routine talks which would provide Lord Young with an opportunity to raise Toyota's plans for a car assembly plant in the UK, any state aid for which would need Commission clearance.

FINANCIAL TIMES

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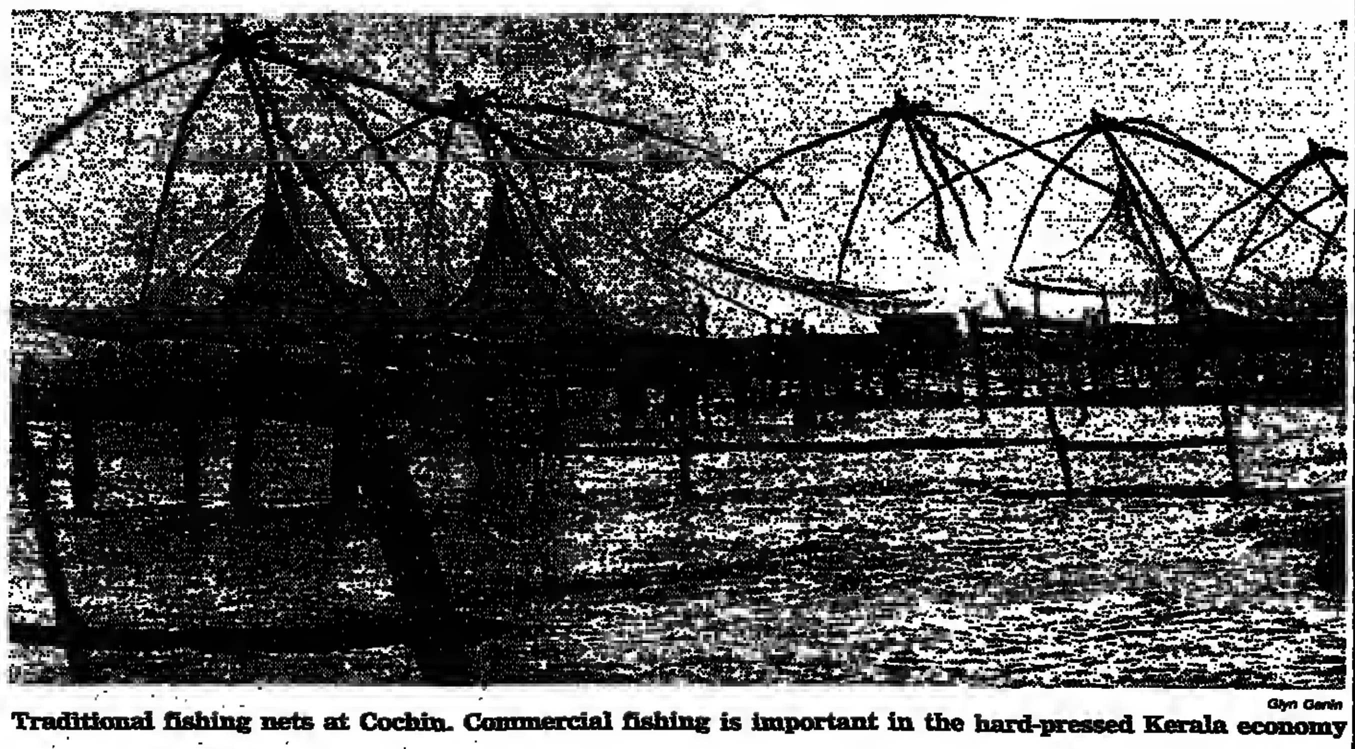
OVERSEAS NEWS



Glyn Genin

Traditional fishing nets at Cochin. Commercial fishing is important in the hard-pressed Kerala economy

Communism's tropical outpost takes a turn toward pragmatism

David Housego finds the Indian state of Kerala full of paradoxes

ARRIVING in Trivandrum, the capital of Kerala, on a hot, tropical evening, the visitor is accorded an unexpected greeting of cascades of red bunting across the streets and red flags bearing the hammer and sickle.

Huge portraits of Marx, Engels, Lenin and Stalin – still a hero in South India even if his reputation is on the decline in the Soviet Union – line the streets. Placards with Aryan revolutionary workers triumphantly clasping hands nestle improbably below the palm trees as a reminder that this is one of the few places in the world where tropical Marxism has retained a foothold.

Kerala, along with West Bengal, are the only two states in India to be under communist rule. In both cases it is the Communist Party, the CPM – M for Marxist – the breakaway but now the largest and still doctrinally the more revolutionary faction, that is in control.

The recent 13th party congress in Trivandrum – for which Kerala was bathed in red and party posters – was split over whether glasnost and perestroika represented a betrayal of the goals of class struggle. But on a more mundane level, the congress gave a nod to the compromise with capitalism that allows Marxist governments to survive at the provincial level in India. Privately CPM officials admit they will have to do much more to encourage entrepreneurship if they are to reverse the trend in Kerala of one of the lowest industrial and agricultural growth rates in India.

Kerala is a paradox among Indian states. Shops are well stocked with electronic goods and textiles, new villas have sprung up along the coast and among the spice gardens inland, land prices are two or three times higher than in neighbouring states – all testify that this is one of the wealthiest states of the union.

The money has come from Kerala's long tradition of providing migrant workers both to other parts of India, and since the 1970s rise in oil prices, to the Gulf as well. About half the 1m Indian workers in the Gulf come from Kerala providing Rs8bn (296m) in remittances a year – the equivalent of about 15-20 per cent of the state's domestic product.

The wealth also comes from the cash crops – tea, rubber, pepper, cardamom, coffee, coconuts – for which the Malabar coast has long been famous. Kerala accounts for more than 90 per cent of India's pepper and rubber output.

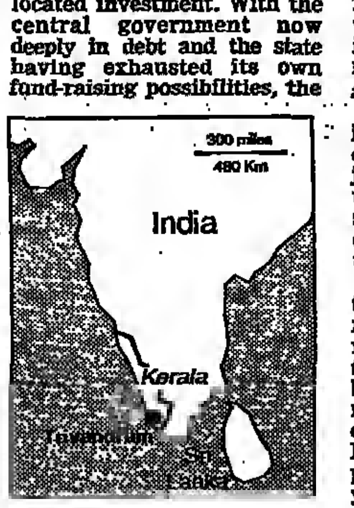
With a highly educated labour force, a wealthy consumer market based on a population of 21m, and an excess of private savings available for investment, Kerala has all the key ingredients for an industrial boom. Instead Kerala has one of the lowest industrial growth and investment rates in India and the highest unemployment rate. "We are in a jam. We are at a very bad point," says Dr I.S. Gulati, vice-chairman of the state planning board.

Kerala has seen industry decline and investment move elsewhere because wage costs are higher than in neighbouring states and productivity lower. Also, Kerala has a long history of industrial unrest. Tea companies reckon that it costs Rs18.50 (69p) a kilo to produce tea in Kerala or 30 per cent more than in Karnataka. Traditional industries such as cashew processing and coir (coconut cord) have slipped across the border to Tamil Nadu and Karnataka.

The neighbouring states have likewise taken advantage of Kerala's consumer boom. Television manufacturers setting up in Tamil Nadu to feed demand in Kerala have helped push up losses by Keltron, Kerala's state-owned electronics company.

Mr B.K. Sarronwala, president of the Cochin Chamber of Commerce, argues that the state's record of militant trade unionism is a consequence of its history of fragmented political parties. The CPM leads a nine-party coalition and there are only marginally fewer parties in the opposition. Parties have sought to increase their vote by establishing labour unions who then bid for support among each other. Management in the state-owned electricity and bus companies have to deal with more than 20 unions each.

Adding to Kerala's troubles is that it has long received less than its fair share of central government investment. Though it has 3.7 per cent of India's population, it receives only 1.6 per cent of centrally-allocated investment. With the central government now deeply in debt and the state having exhausted its own fund-raising possibilities, the squeeze on resources is likely to grow.



The pressure of circumstances is thus forcing the Marxist administration to be more pragmatic. Since returning to office almost two years ago – it has been in and out of various coalition governments since independence – it has persuaded Grasim, a subsidiary of the Birla group, to reopen a plant by offering heavily-subsidised raw materials. It has encouraged workers at the state-owned Aluminium Industries to accept a wage freeze to get a unit back into operation. At Cochin port, unions have just agreed to reduce manning levels on container unloading from 23 men a container to 15. In Singapore, by contrast only two men are required for each container.

Industrialists say that since the CPM returned to power, there has been much less industrial unrest. They are also pleased that the Chambers of Commerce in August had a lengthy session with ministers over industrial policy. Mrs K.R. Gouri, the state minister for industry, makes clear that she would welcome more private investment as well as investment from multinationals.

The CPM meanwhile is seeking to create jobs through concentrating on small scale projects. As in West Bengal it is trying to widen its support by strengthening its grassroots organisations among agricultural and industrial workers.

The word being put out is to tell people that miracles cannot be expected, that the economic situation is difficult but that the party provides their best support. A similar combination of realism and methodical grass roots organisation has kept the communists in power in West Bengal for 11 years.

Israel frees PLO leader in the occupied territories

By Andrew Whitley in Jerusalem

THE MAN regarded as the leader in the occupied territories of Mr Yassir Arafat's Fatah organisation is to be freed tomorrow after spending much of the past 21 months in an Israeli jail.

The decision by Mr Yitzhak Rabin, the Defence Minister, to free Mr Faisal al-Husseini represents a gamble – backed by the US – to encourage support among Palestinians for free elections in the West Bank and Gaza Strip.

A senior Defence Ministry official is said to have visited Mr Husseini, former head of the Arab Studies Centre in East Jerusalem, in prison this week and to have received confirmation of his conditional support for the holding of elections.

Mr Husseini reportedly stipulated that Mr Arafat would have to give his approval, that the Israeli army must guarantee not to interfere, and that voting must be supervised by a neutral body.

Mr Husseini, 48, is believed to have been the chief author of a draft declaration of independence seized by security men from his office last year. Accused of being the chief co-ordinator of the uprising, he was imprisoned without trial for the third time since April 1987.

The US State Department has long pressed the Israeli Government to free Mr Husseini and enter a dialogue with him and other Palestinian leaders. Washington regards elections as a way round the adamant refusal of Mr Yitzhak Shamir, the right-wing Prime Minister, to talk directly to the Palestine Liberation Organisation.

Mr Rabin last week floated his own peace plan involving local elections which would lead to Palestinian autonomy and eventually to negotiations on the final status of the occupied territories.

Although the plan ran into immediate fire from both the PLO in Tunis and Mr Shamir, the Defence Minister this week reiterated his determination to press on with discreet talks already under way with various levels of Palestinian activists.

In this initiative, he has the crucial support of the army high command, privately dispirited over their failure to end the uprising after nearly 14 months of daily battle with youthful protestors in the West Bank and Gaza Strip.

In the past two days, 20 West Bank houses have been demolished or sealed up by the army, in retaliation for petrol bomb attacks on Jewish vehicles, or simply because they were "illegal constructions".

Kuwait plans £600m bay causeway

By Victor Mallet in Kuwait

KUWAIT has outlined a plan to build a causeway across the bay of Kuwait at a cost of some 300m dinars (£600m). If implemented, the project will be one of the largest in Kuwait's recent history and comparable to the causeway linking Bahrain to Saudi Arabia.

Kuwait's Ministry of Public Works has approached the embassies of several countries with a view to finding suitable contractors.

The causeway, about 30km long, would shorten the route between the capital, Kuwait City, and the proposed new town of Subiya. It would also open up the northern Gulf coast to domestic tourism.

Interest in Subiya – expected ultimately to house 100,000 people – has been revived this year following a visit to the north by Sheikh Jaber al-Ahmad al-Sabah, the Emir of Kuwait, and by advanced plans for a power station in the area. Plans for a new town at al-Khairan in the south appear to have been put on the back burner.

Kuwaitis have long been fearful about Iraqi ambitions in northern Kuwait, which is underpopulated but rich in oil, and they want to emphasise their ownership of the territory. A bridge has already been built by Bouygues of France between the mainland and Bubiyan island.

A border dispute between Iraq and Kuwait remains unresolved and some Kuwaitis are anxious that Iraq may press its demands following the ceasefire in its war with Iran even though Kuwait and other Gulf states supported Iraq.

Any revival of building activity will be welcomed by companies operating in Kuwait, if only because a post-war boom based on reconstruction in Iraq and Iran has so far failed to materialise.

Bhutto faces by-elections test

By Christina Lamb in Islamabad

THE Pakistan People's Party (PPP) government of Benazir Bhutto faces its first real popularity test today in by-elections across the country.

The "mini general election" follows November's election, in which the PPP emerged as the largest party. The seats fell vacant because many politicians, including Ms Bhutto and Nawaz Sharif, opposition leader and Punjab Chief Minister, contested and won more than one constituency.

Thirteen of the 20 seats are in Punjab, Pakistan's largest province, which for the first time has a government run by a different political party from that of the national government.

The opposition Islamic Democratic Alliance (IDA) has most at stake. It is defending 12 seats, compared to the PPP's four. Any electoral loss could threaten the position of Nawaz Sharif, who by running virtually a one-man campaign, has staked his personal prestige on the elections.

Both sides are putting every effort into these by-elections, Ms Bhutto acceding to intense party pressure to campaign herself on a whirlwind tour of the Punjab. She needs a two-thirds majority in the National Assembly to change the constitution in order to strengthen her position, and hopes these elections will bring her nearer.

As in November the elections have been almost issueless, the PPP Government having so far done little more than release political prisoners. Instead, the two sides have tried to outdo each other in promises to voters.

Since Ms Bhutto was nominated Prime Minister in December, relations between central government and Punjab have been frosty. The verbal battle between Ms Bhutto and Nawaz Sharif has encouraged a feeling of Punjabi chauvinism to the extent that bumper-stickers insulting Sindis have become common in Lahore. Today's results should indicate how far this Punjab-centre polarisation has affected the voters.

UK NEWS

Scots given promise of business rate change

By James Buxton, Scottish Correspondent

A GOVERNMENT minister promised yesterday that a "high degree" of harmonisation of business rates between Scotland and England will be achieved for the vast majority of Scottish businesses as early as next year.

However, he gave no date for the implementation of a single uniform business rate for the whole of Great Britain.

Mr Ian Lang, the Scottish Office Minister of State, rejected suggestions that the Government was dragging its feet over the harmonisation of business rates north and south of the border. It is estimated that Scottish companies pay £300m more in business rates than their English and Welsh counterparts because of higher rateable values, different valuation systems and higher rates levied by local authorities.

Mr Lang said that because rateable values in England and Wales were currently being revalued simultaneously with those of Scotland, properties with rateable values based on rents would from 1990 be rated on a comparable basis. That should end the anomaly whereby a department store in Edinburgh pays almost as much in rates as one in London 12 times its size.

Whereas Scotland has had rating revaluations every five years, the last revaluation in England and Wales was in 1973. Mr Lang denied that there was any weakening in the Government's resolve to revalue business properties in England by next year, although the new rateable values are to be phased in over a period of years.

From April, when the community charge comes into force in Scotland for domestic ratepayers, increases in Scottish business rates are to be limited to the rate of inflation.

Talks have been going on in York between rating assessors from north and south of the border in an attempt to harmonise their valuation principles.

Mr Lang said the wide differences between the two systems of assessing plant and machinery would not be resolved by 1990, partly because that requires changes in the law. He hoped the bulk of the changes would be agreed by 1995.

Mr Lang said it might well be that the two sides would not reach full agreement by next year on the rating of properties such as football grounds, licensed property, race courses and cinemas, where Scotland is also at a big disadvantage.

Privacy bill fails in spite of cross-party support

By John Mason

THE BILL to prevent invasion of individual privacy by the press narrowly failed at its first Commons hurdle yesterday, in spite of widespread cross-party support among MPs.

During the debate, Mr Timothy Renton, a Home Office Minister, made clear that the Government favoured continued self-regulation by a reformed Press Council over new legislation.

However, he hinted that the Government might resort to legislation if that failed.

MPs voted 98-1 in favour of the backbench Protection of Privacy Bill, but, with 100 votes in favour needed at second reading for a private member's bill to proceed, the measure fell.

The bill now goes to the back of the queue for private members' legislation, so it stands no chance of becoming law.

Mr Renton said the bill faced considerable difficulties, such as agreeing a precise definition of privacy and the cost implications of allowing legal aid.

However, the Government had been prepared to allow the bill to go to a committee to see if changes could be made to make it practical, effective legislation.

The bill would have made breach of privacy a statutory offence with plaintiffs able to seek damages through the courts.

However, press freedom would have been protected by allowing newspapers to claim a public-interest defence.

In the debate, MPs unanimously attacked the reporting standards and methods used by the tabloid press. Only two MPs opposed the bill, arguing that it was an unacceptable curb on press freedom.

Mr John Browne, Conservative MP for Winchester, who introduced the bill, said the public had lost confidence in the Press Council and that legislation was now needed.

"Surely every man and woman in our land feels their home is their castle in which their private lives should be protected," he said.

Privacy laws existed in France, West Germany and the US and had not prevented responsible investigative reporting, he argued.

But Mr Renton said the bill presented severe obstacles and would not be workable in its current form.

He said the Press Council was now concerned to improve its image and procedures. It should be given the opportunity to do so.

But Mr Renton hinted that the Government might consider legislation if that failed, saying it was "sympathetic that this is an area that calls for legislative action".

Mr George Galloway, Labour MP for Glasgow Hillhead, said that he, along with family and friends, had suffered from the tabloid "rat pack" after his admissions about his sex life.

But he said such excesses were the price to pay for the free press vital to a free society. Unhindered investigative reporting was already under threat from measures such as the proposed official secrets legislation and should not be restricted further.

Treasury cheered by imports slowdown

By Peter Norman, Economics Correspondent

YESTERDAY'S surge in equity prices in London followed the announcement of Britain's fourth-worst monthly current-account balance of payments deficit and confirmation that the deficit for the whole of 1988 reached an unprecedented £14.3bn, or about 3 per cent of gross domestic product.

Although December's £1.26bn current-account deficit fell below market expectations of a £1.5bn shortfall for the month, it contributed to a record fourth-quarter deficit of £5.1bn.

The resulting £20bn annual rate of deficit shown in the latest figures compares with the Treasury's forecasts last November of a £13bn deficit in 1988 falling to £11bn in 1989.

Treasury officials said that the latest figures showed an encouraging slowdown in the rate of imports into Britain. The seasonally adjusted volume of imports excluding erratic items grew by 2 per cent between the third and the fourth quarters of last year. Volume import growth had been 7.6 per cent between the second and third quarters and 7 per cent between the first and second quarters.

In spite of the improvement, City analysts said it was too early to declare a turning point in Britain's trade and current-account fortunes. Production difficulties in the North Sea, for example, might lead to a deterioration in oil trade figures in the present quarter.

CURRENT ACCOUNT (£bn)

	Current Balance	Visible Trade: Balance	Visible Trade: Exports	Visible Trade: Imports	Invisibles Balance
1986	-0.2	-8.7	72.7	81.4	+8.5
1987	-2.7	-10.2	79.4	89.6	+7.5
1988	-14.3	-20.3	80.9	101.2	+6.1
1988					
Qtr 2	-2.7	-4.4	20.2	24.6	+1.8
Qtr 3	-3.7	-5.8	21.0	26.8	+2.1
Qtr 4	-5.1	-6.3	20.8	27.2	+1.2
Oct	-2.3	-2.7	6.7	9.5	+0.4
Nov	-1.5	-1.9	6.9	8.8	+0.4
Dec	-1.3	-1.7	7.1	8.8	+0.4

1988 Figures for November and earlier have been revised. Figures may not add up due to rounding

Source: CSO and DTI

Drug maker acts over GP warning

By Peter Marsh

ORGANON, the Dutch drugs company which is part of the Akzo chemical group, yesterday defended its decision to seek a court injunction blocking the Department of Health from amending the advice it gives to doctors prescribing one of the company's top-selling drugs.

The drug is mianserin, an anti-depressant, which has been linked to unpleasant side effects connected with a lowering of white blood cells.

That can lead to a greater likelihood of patients succumbing to a range of infections and in some cases in recent years – especially involving old people – has led to deaths.

The Department of Health said yesterday that in view of those complications it wanted to alter the information it gave to doctors advising them on mianserin.

The change in advice – which would have involved telling doctors to use caution when prescribing the drug to people aged 65 or more – was to have been published in a bulletin called Current Problems which the department mails to Britain's 30,000 general practitioners.

Organon said it had obtained an injunction – which has stopped the department including the advice in its latest edition of Current Problems – because it did not think the change in advice was justified.

The company said that the difficulty with mianserin had been known about for some time but was no worse than for many other kinds of anti-depressant drugs.

The issue is to be debated in the High Court on February 13, when the department will contest the injunction.

Mianserin is sold in Britain under the Bolvidon trade name while in other countries it is called Tolvon.

TSB to create unified banking division

By David Barchard

TSB SCOTLAND, TSB Northern Ireland, and TSB Channel Islands are to be linked with TSB England & Wales in a unified banking division within the group from May 1.

The division will handle all the group's personal, corporate and merchant banking business, as well as finance house, credit card and direct lending operations.

Mr Don McCrickard, who currently heads TSB's banking operations, will be chief executive of the division, which will be known as TSB Bank. The TSB regional banks will report directly to him, although their regional character and separate boards will not be affected by the change.

The formation of TSB Bank is the final stage in the restructuring of the group which has been under way since the acquisition of Hill Samuel, the London merchant bank, in November 1987.

All TSB subsidiaries are now managed within three divisions – banking, insurance and investment services, and other interests outside financial services.

Testing time for public schools

David Thomas on the dispute over the Common Entrance exam

THE NORMALLY placid waters of private education are being stirred up by a dispute between traditionalists and modernisers, in an echo of louder controversies already raging in the state sector.

The disagreement centres on the future of the Common Entrance examination, by which children in the fee-paying sector pass from the junior world of the preparatory school to the senior world of the public school. But the argument is about more than just an exam: it has implications for the entire curriculum taught in independent schools.

Matters came to a head this month with the disclosure that three of the most illustrious public schools, Eton, St Paul's and Westminster, were considering withdrawing from the Common Entrance and setting their own entrance exam instead. They would be joining Winchester, which has long had its own exam.

That news brought to boiling point a debate thet has been simmering away for the past four years, ever since the independent sector appointed a committee, chaired by Mr Ian Beer, headmaster of Harrow, to look into children's progression from prep to public schools.

Many independent heads had been persuaded that the Common Entrance, sat by about 8,300 boys and 2,700 girls each year, was ripe for reform. Its emphasis on rote learning was out of harmony with the modern emphasis on practical and analytical skills, seen most clearly in the new 16+ General Certificate of Secondary Education exam. Unease centred on the feeling that the Common Entrance was distorting the prep school curriculum.

"The examination was controlling the curriculum, which was the wrong way round," explains Mr Martin Marriott, head of Canford School, Dorset, and chairman of the Headmasters Conference, representing leading boys' public schools.

At least three separate changes have been mooted to the Common Entrance system. First, there is debate about bringing into conformity the exams now sat separately by girls, usually at 11, and by boys, usually at 13.

Second, in an attempt to broaden their curriculum, prep schools have agreed to issue public schools with profiles of pupils' abilities in subjects not tested at Common Entrance, such as art. Third, and where most of the controversy centres, there is a move to modernise the content of the Common Entrance exam itself.

Changes to several Common Entrance papers are already in hand. Last year, for instance, a new French exam was sat by many public school hopefuls for the first time. The emphasis was switched from the written to the spoken: candidates had to pretend they wanted to buy a ticket from Paris to Marseilles, with the examiner acting as booking clerk.

Mr David Ives, head of Holmewood House in Kent, chairman of the prep schools association and a French teacher himself, says the new French exam has been widely welcomed in the schools that have used it and is, if anything, of a higher standard than the old exam.

Ian Beer: chosen to head curriculum committee

But Eton, St Paul's and Westminster have thrown up their hands at other proposals for change made by the reformers. One suggestion is that in future the Latin papers would cater for a narrower range of abilities than at present, though a meeting yesterday seems to have resolved this difficulty.

Another idea which is raising eyebrows is that the essay paper in English should be replaced by four pieces of course work carried out by pupils during term time.

Such proposals have crystallised anxieties about the general thrust of the changes. Mr David Summerscale, Westminster's headmaster, voices concern that the new exams will not cater for the many academically most able prep school pupils who knock on the doors of the leading public schools. "The GCSE approach must not erode the really good work which used to go on in prep schools on more traditional lines. It may lead to a lessening of standards," he said.

Olive branches are now being waved. Mr Marriott at Canford acknowledges that the new exams may have to be adjusted to take into account the needs of the most able, while Westminster's Mr Summerscale stresses that no one wants to break away from Common Entrance. Representatives of the two sides met at Charterhouse yesterday to discuss their differences.

However, the threat that Eton, St Paul's and Westminster might eventually go their own way is still in the background.

Mr Ives at Holmewood House says that prep schools would adapt to the inconvenience of having to prepare pupils for different exams.

Mr Marriott rates the threat much more seriously. He reckons that a whole raft of public schools would also have to quit Common Entrance in order to be identified with the top league and that prep schools would become labelled as first or second-class, depending on which exams they prepared their pupils for. Not only would that be divisive, it would confuse parents.

Subsidiary of big waste group fined over pollution

By Richard Tomkins, Midlands Correspondent

A SUBSIDIARY of Leigh Interests, Britain's biggest waste treatment group, has been found guilty of 12 offences under the Control of Pollution Act and fined £7,000 with £3,000 costs.

The convictions are an acute embarrassment for the parent company which holds itself up as a strong proponent of tougher regulations and higher standards in the waste disposal industry.

It will also fuel controversy over the company's activities in Walsall, West Midlands - headquarters of Leigh Interests - where residents are fighting to have the group's toxic waste disposal operations closed down.

The subsidiary, Leigh Land Reclamation, was convicted late on Thursday night at Aldridge Magistrates Court in Walsall. Two employees were also convicted on three counts and fined a total of £300.

Three charges against the company and two against its employees were dismissed, and the company and one employee were each found not guilty on one other charge.

Leigh Interests said yesterday that the company and its employees would appeal against the guilty verdicts on points of law.

The charges were brought by Walsall Metropolitan Borough Council under Section 3 of the Control of Pollution Act, which makes it an offence to deposit a material in breach of the conditions of a site licence.

Magistrates were told that the offences took place at the company's Birch Coppice landfill site in Brownhills, Walsall, on various dates between October 1986 and January 1988.

In most cases, tha court heard, tha company had dumped wastes that were allowed under the terms of the site licence but had failed to cover them np properly. A small minority of the offences referred to the dumping of liquid industrial wastes not allowed at the site.

Leigh Interests' operations have long been unpopular in Walsall but the current wave of controversy was sparked off when the Karin B, a West German registered cargo ship carrying chemical waste, tried to land in Britain last year.

Residents near Leigh's other Walsall site at Stubbers Green feared that Leigh might offer to treat the waste, and mounted a protest campaign that has continued long after the perceived threat has passed.

Walsall Conncil has responded by commissioning a £100,000 investigation by independent consultants into the effect of Leigh's operations on the local environment. It will report in about two months.

Leigh Interests' shares lost ground in yesterday's strongly rising stock market yesterday, to close 9p down at 236p.

McCarthy & Stone to cut 142 jobs

By Andrew Taylor, Construction Correspondent

McCARTHY & STONE, a big builder of retirement homes, yesterday said it was making 142 of its 3,000 staff redundant.

Mr John Begbie, finance director, said redundancies had nothing to do with problems affecting parts of the housing market. The company, after reviewing operations, parts of which it wanted to streamline, sought to end duplication of services which arose in tha past few years' rapid growth.

He said retirement-home sales were still racing ahead in the north and in Scotland but had slowed in the south following rises in mortgage interest rates.

Ban on egg sales where salmonella is suspected

By John Mason

EGG PRODUCERS with chickens known or suspected to be contaminated with particularly infectious forms of *salmonella* are being prevented from selling any eggs until the infection is cleared, the Government announced yesterday.

In the new move to tackle the salmonella outbreak in the British poultry industry, the Ministry of Agriculture served the first notices yesterday on more than 20 producers.

Ministers are now understood to be working on details of a new compensation package, expected to be announced early next week.

The notices, served under the Zoonoses Order 1975, apply to salmonella enteritidis and other invasive types of salmonella capabla of being transmitted from chickens to their eggs.

Under the order, producers who suspect salmonella infection in their flocks are obliged to call in ministry inspectors who can then prevent the sale of all eggs until the matter is dealt with. It might involve the slaughter of flocks.

Announcing the measure in a Commons written reply, Mr Richard Ryder, a junior agriculture minister, said the notices prevented the sale of raw eggs for direct consumption. Pasteurised eggs conld still be sold.

The issuing of notices was welcomed by the National Farmers Union. An official said it would help to restore confidence in eggs. However, he said the ministry testing procedures would have to be examined since the notices covered a wider range of salmonella types.

The move follows a series of measures announced earlier this month. They inclnded banning supplies of contaminated feed, tighter monitoring of breeding flocks and donbling the rate of inspecting food protein processing plants.

SNP doubts weaken assembly convention

By James Buxton, Scottish Correspondent

THE MOVEMENT to establish a Scottish constitutional convention - a body thet would draw up and promote a plan for a Scottish assembly - took an important step forward yesterday at a meeting of opposition parties in Edinburgh.

However, its force might be weakened by uncertainty as to whether the Scottish National Party will take part.

After an unprecedented all-day meeting of tha Labour, Democrat and Scottish National parties, as well as representatives of local government, unions and churches, it was announced that the first session of the constitutional convention could be held as early as late March.

The convention will have 150 members, with all 72 Scottish MPs and the eight MEPs entitled to sit in it.

The remaining members will come from local government and from other bodies, such as the Scottish Trades Union Congress and the Scottish Council of Churches.

The Conservative Party has already said it does not wish to take part in the convention, which it says has already made up its mind in favour of a Scottish assembly - a policy rejected by the party.

Mr Gordon Wilson, leader of the SNP, said it was not certain that his party would attend.

It disagrees with the consensus at yesterday's meeting that the convention should not be directly elected, and he wants it to consider the SNP's policy of seeking independence for Scotland within the European Community.

A directly elected convention might favour the SNP, since the latest opinion poll showed support for it in Scotland running at 32 per cent - only 4 points behind Labour. But it has only four MPs compared with Labour's 49.

The issue may be decided at a meeting in March of the SNP's 200-person national council, which has the power to overthrow the party's conference decision insisting on direct elections to a convention.

Mr Alan Armstrong, the convener of the Campaign for a Scottish Assembly, which organised yesterday's meeting, said that the convention would go ahead without the SNP.

He acknowledged, however, that it would be a weakened body without it.

Nuclear rules 'need not be changed for privatisation'

By David Green

THE UK's nuclear safety watchdog does not believe changes will be necessary to its regulatory regime to ensure standards do not deteriorate after privatisation of the electricity supply industry.

Mr John Rimington, director-general of the Government's Health & Safety Executive, said yesterday that the present system had worked well for nearly 30 years.

In consequence, there was unlikely to be a need for more rigid rules abont the design and operation of nuclear power stations, he said at the public inquiry into plans by the Central Electricity Generating Board to build a pressurised water reactor nuclear power station at Hinkley Point, Somerset.

He added that licences would not be granted to an operator without the technical competence or financial security to carry out safety responsibilities.

Under the privatisation proposals, ownership of all the nnclear power stations in England and Wales will pass to National Power, the largest of the CEGB's successor companies.

However, it will be open to any company in the industry to build and operate nuclear plant as long as it can obtain a licence from the Nuclear *Installations Inspectorate*, a branch of the Health & Safety Executive.

Mr Rimington said the advantage of the present system was the high degree of discretion and flexibility given to the NII, which was independent and technically competent. He said under privatisation it appeared there would be only a few nuclear plant operators.

If experience dictated such a course, there could be a move towards more rigid rules regarding nuclear power station design, but his understanding was that existing licensees did not wish for a change in the basic approach.

Shah newspaper allocates £4m to pay off creditors

By Raymond Snoddy

INVESTORS in Mr Eddy Shah's failed national newspaper The Post, have set aside £4m in new money to pay off creditors.

Messenger Nationwide, the company behind the venture, says it intends to pay all the company's liabilities. However, jonrnalists are only heing offered 20 per cent of their full contracts, although wages are being paid up to January 13.

The Post collapsed in December after publishing for only five weeks, when circulation had fallen to nearly to 100,000.

The investors in the project were Mr Shah's Messenger Gronp; RIT Investment Partners, an investment trust run by Jacob Rothschild Holdings; and Chelsfield, a private investment company.

Creditors such as news agencies have been told their debts will be met in full. If creditors were also to insist on contingent liabilities' being met, the company could be forced into liquidation.

Prospects for The Post faded earlier this month when Celebrity Group Holdings, a publishing and toy retail company, pulled ont of negotiations.

Scottish bid favourite to complete St Helena ferry

By James Buxton, Scottish Correspondent

A SCOTTISH-BASED company was yesterday named by the Overseas Development Administration as the preferred bidder to complete a £19m ferry which is under construction at the Hall Russell shipyard in Aberdeen. The shipyard went into receivership in November.

The ODA, which has ordered the ferry to serve the island of St Helena in the South Atlantic, is to negotiate its completion with Zenta Engineering Holdings, a ship repair company based in Glasgow with yards in the north of England.

If the negotiations are successful, Zenta can be expected to take over the assets of the shipyard, which was privatised by British Shipbuilders in 1986.

Mr Christopher Patten, the Overseas Development Minister, said he hoped the contract for the ship could be finalised in a matter of weeks. The ODA has been financing work on the ship while the yard is in receivership.

Other bidders for tha contract were a team from the yard's former management, and A & P Appledore, a ship repairing consultancy belonging to Highland Participants.

Bank home loans down in last quarter

By Ralph Atkins, Economics Staff

FURTHER SIGNS of the cooling housing market came yesterday in figures that show a fall in mortgage lending by high street banks in the final three months of last year.

Tha Committee of London and Scottish Bankers said the value of nsw mortgages approved by retail banks in the October to December period was £2.4bn. That compared with £3.3bn in the previous three-month period.

The committee's report followed figures from the Building Societies Association, issned on Tuesday, which showed that building societies' new mortgage lending last month was lower than in any month since January 1987.

The committee said 62,000 new mortgages were approved in the final quarter of last year - down from more than 80,000 in three months to September.

Tha deceleration partly reflects seasonal influences but might also show the effect of higher mortgage rates.

However, mortgage lending hy members of the CLSB remained strong. The number of mortgages approved was higher than in the last quarter of 1987 when 55,000 were authorised.

The average value of mortgages approved in the latest quarter was £38,900. That was down from £41,700 in the three months to September.

● Cyclical indicators for the UK economy might be pointing to a slowdown in growth, the Central Statistical Office said yesterday. However, it gave a warning that the indices are subject to revision and that any interpretation was only provisional.

The shorter leading index, designed to show turning points in activity six months ahead, fell between December and January. Tha longer leading index, looking a year ahead, fell in December, compared with November.

TOYOTA'S EUROPEAN PLANS

Howls give way to muted rumblings

By John Griffiths

THE PROSPECT of Toyota making cars in tha UK provoked few echoes yesterday of the howls of anguish - some real, many contrived - that went round Europe's car industry in 1980, when Honda first tentatively poked its head around the door at what was then BL.

News that the UK is shaping up to be an even larger centre for Japanese car making in Europe - should Toyota definitely follow Nissan and Honda in using the UK as a base - provoked only muted rumblings in most European boardrooms.

The lack of any immediate, sharp response from the European industry appeared to nnderline a growing acceptance that a substantial Japanese manufacturing presence, as has already occurred in North America, is now inevitable.

French and Italian makers, among the fiercest opponents of the inroads Jspan has been making, yesterday refused to comment on Toyota's plans, perhaps awaiting formal announcement by Japan's largest vehicle maker.

But cven in the case of arch-critics such as Renault and Fiat, the focus appears to be shifting to ensuring thet the Japanese operate within a strict EC regime requiring, for example, minimum 80 per cent local content, so that they compete on relatively level terms with indigenous European producers.

Much has changed among Europe's car makers since Sir Michael Edwardes, then chairman of BL, came back from Tokyo waving BL's first collaborative agreement with Honda, signed on Christmas Day 1980, to prodnce the Triumph Acclaim.

The European industry's outcry over Nissan's 1984 announcement that it would enter the European car market from its greenfield site in Washington, Tyne and Wear, provoked an even greater furore than the BL-Honda link.

In tha UK, private-sector rivals such as Ford, saddled as they were with oldisb plants and archaic, expensive but entrenched work practices, seethed at the UK Government's seeming willingness to help undermine what was left of the UK industry.

BL, struggling to stem huge losses, had barely finisbed pleading for a final £990m tranche of corporate plan aid from Sir Keith Joseph, then Industry Secretary. It learnt that Sir Keith was prepared to commit up to £100m to help Nissan to establish itself in the UK.

And for the unions, Nissan's declared intention to rewrite the UK car industry's industrial relations book, including a single-union agreement, was seen as heralding nothing short of catastrophe.

On the wider European front, the UK was accused by Renault, Fiat and others of allowing the Japanese to penetrate the soft underbelly of the European industry at a time when it was desperately trying to rationalise itself to bridge a huge costs differential in favour of the Japanese, and when overcapacity was claimed to have reachad almost 20 per cent.

Four consecutive years of strong Enropean market growth - to a record of just under 13m vehicles last year - have combined with an improving productivity record to allay some of those fears.

Even in the UK, where as recently as 18 months ago Government officials had been saying that Britain could not industrially or politically host another Japanese car maker, even if it wanted to, there was equanimity among rival car makers.

Mr Graham Day, chairman of Rover Group (formerly BL), refused formal comment. But insiders at the British Aerospace-owned company, which claims now to be producing cars such as the Metro at 62 cars a man a year, matching Japanese standards, showed no signs of dismay at Toyota's potential extra turn of the competitive screw.

"We've got a £1.1bn investment programme; we've been doing pretty good stuff here recently; and we don't have to apologise to anybody these days," said one.

Peugeot's UK subsidiary said that "as long as Toyota meets a minimum 80 per cent rule as soon as possible, then there is no particular reason not to welcome an investment."

Multinationals such as Ford and General Motors were equally mnted in their reactions, declaring that formal responses were likely to await Toyota "signing on the dotted line."

However, a Ford spokesman said "it would be up to us to respond to that competition."

There are, however, other reasons for the low-key reaction: Ford is collaborating with Nissan in Europe on a four-wheel-drive vehicle project; Volkswagen is about to start making Toyota pick-ups under licence; GM has several joint ventures with Japanese producers inside Europe, and there are many other such projects.

In those circumstances, to protest too much may ring hollow.

Nissan site offers development yardstick

By Kevin Done, Motor Industry Correspondent

AS TOYOTA sizes up the UK as the site for its first European car assembly site, the UK motor industry needs to look no further than the Nissan car manufacturing site at Sunderland in north-east England to judge its potential impact.

Nissan's plant, developed with extraordinary speed, represents tbe most ambitious effort yet by a Japanese vehicle maker to penetrate the European car market from within.

According to Mr Yutaka Kume, Nissan president, the quality of the cars being produced in the UK already matches that of the group's Japanese facilities.

Nissan appears to be meeting its promises not simply to establish a so-called screwdriver plant, thus answering some of the opposition to the plant from traditional European car makers.

By the early 1990s Nissan will be the UK's second most important car exporter by volume, with sales outside the UK of 100,000 a year, close on the heels of Austin Rover, and will account for about 15 per cent of total UK car production.

Nissan will have developed a production capacity at Sunderland for 200,000 cars by 1992, with half the outpnt earmarked for export. UK Government officials appear confident in private, however, that its capacity will have doubled to more than 400,000 by the late 1990s. Production, which began in 1986, totalled 56,000 in 1988 and will rise to some 75,000 this year.

Nissan will be producing two ranges of car, the mid-range Bluebird and a Micra-class small car and will be directly employing a workforce of 3,500. With a growing ability to circumvent any quotas, Nissan is aiming to virtually double its European market share to more than 5 per cent in 1991-92 from 2.87 per cent in 1987.

Under existing plans it is spending some £610m on its UK facilities, which include press shop, paint shop, assembly plant, engine assembly - and increasingly engine machining - and plastics injection moulding of components. An extensive test track should be fully operational by 1990.

Nissan says the Bluebird, the one car currently in production, will have a local content level of 80 per cent in 1990. Nissan buys components from 113 European companies, 97 of which are British, and the list will grow as the engine manufacturing facility becomes more sophisticated. At a production rate of 200,000 a year, Nissan expects to be spending £450m a year on components from European suppliers. Transmissions are the only main component currently not on the list for localisation.

All that will have been achieved in about eight years. In the autumn of 1984 the car plant site housed only Sunderland's disused airport.

The UK Government is footing up to £125m of Nissan's bill for establishing in the UK, but for that Nissan now promises to make an increasing contribution to reversing the country's big motor industry trade deficit.

It is also giving established UK car makers an uncomfortably close new yardstick for measuring the competitive gap. Most of its competitors believe that the Nissan plant in Sunderland will be the most cost-effective car assembly plant in the whole of Europe, by the time it reaches full production in 1992-93.

Around the Nissan plant there is an emerging cluster of components producers setting up to supply the site, including Nissan Yamato Engineering (80 per cent Nissan) prodncing steel pressings and sub-assemblies, Ikeda Hoover supplying seats and headliners, and TI-Nihon, a joint venture between TI Group and Nihon Radiator of Japan, sole supplier of exhaust systems to the Sunderland plant.

Unions test their appeal in 'beauty contest'

By Jimmy Burns and Charles Leadbeater

THE "BEAUTY CONTEST" of unions competing to win Toyota's eye and recognition at the plant began yesterday.

It might be a severe test for the TUC's ability to regulate competition over single-union agreements, and the unions' recognition of the costs of the row last year over Ford's aborted investment in Dundee. It will also be a test of whether the EETPU electrician's union, which was expelled from the TUC last September, is in a stronger position than it was to sign greenfield site agreements.

Mr Jim Thomas, national car industry officer of the MSF general technical union, said: "It's my intention to write to Toyota pointing out that we are the second biggest union in the car industry. We would be more than happy to sign a single-union agreement."

Similar comments were made yesterday by Mr Jimmy Airlie, the AEU engineering union's national car industry officer, whose proposed single-union deal with Ford in Dundee was vigorously opposed last year by MSF.

Both Mr Thomas and Mr Airlie insisted that they would abide by the TUC's coda of practice, which allows single-union deals on greenfield sites but prohibits strike-free deals.

Behind the public statements however, union officials are not expecting an all-out war.

It is likely that Toyota will follow the procedure used by Nissan when it set up its plant in Washington Tyne and Wear.

Nissan first contacted the Department of Trade and Industry about union recognition. The DTI then contacted tha Department of Employment, which called in Acas, the conciliation service, to organise meetings between the company and interested unions. The company talked to the general secretaries of all the unions interested in the plant, as well as all the regional officials in areas where it was considering investing, before choosing the AEU.

The TUC is likely to call all car industry unions together in an effort to establish an agreed procedure for approaching the company. It will be a test of the recently introduced code prohibiting strike-free, recognition agreements: Toyota is almost certain to want one.

However, it is thought unlikely there will be a repetition of the Dundee affair, when inter-union rivalry led Ford to cancel its investment.

Toyota casts international net in search of best possible site

By Hazel Duffy

TOYOTA has appointed consultants to help it in its search for the ideal site. The search seems to be concentrated on Britain bnt Toyota can expect just as professional a service from agencies in Spain, France, Portugal, Belgium and elsewhere.

A team of consultants and Toyota managers has already asked for detailed information from the agencies in the areas in Britain that thay have selected as potentially suitable. The main requirements are for a very large, level, and serviced site.

Nissan took more than 600 acres for its plant in the Sunderland area of the north-east and Toyota is reported to want 800 acres.

The site must have good access, or the promise of it. It must be in an area which wants further industrial development and is well connected with other parts of the UK and ports. Labour availability is a key requirement. The local anthority must be strongly committed to the project, and capable of resolving the sort of difficulties that will inevitably arise with such a large project.

A site with all those characteristics probably does not exist.

Since Nissan came to the UK, nnemployment has dropped and many developments are under way even in areas hit hard by the recession in the early 1980s. Many places are reporting shortages of construction skills.

None of those requirements is insuperable. A big Japanese or American investment is the coveted prize of all the efforts by local autborities snd regional agencies, and by the Government, which sees such investment as tha seal of approval for Mrs Thatcher's policies. All the stops will be pulled out to meet Toyota's requirements.

The task of co-ordinating the best package will test the professional skills of the agencies in Wales, Yorkshire and Humberside, and the Midlands, supported by the county and local councils. The Invest in Britain Burean, part of the Department of Trade and Industry, co-ordinates the discussions. Strong political snpport has already been forthcoming from the Prime Minister and Lord Young, Trade and Industry Secretary.

Financial assistance is always pnt lower down the scale of priorities by inward investors than requirements such as the right site and labonr. But big Japanese investment in the UK has always gone to areas that qualify for support from Government funds. At least a third of the capital costs of Nissan's Sunderland plant will be met by the Government.

Toyota might not do as well. Nissan qualified for regional development grants - these are no longer available - as well as regional selective assistance. The maximum that can be advanced under the latter is 30 per cent of the investment in parts of the country designated as development areas, 20 per cent in intermediate areas.

That has been agreed with the European Commission as part of its move to make sure that competition is not distorted by over-generous government hand-outs. Aid to motor industry investment also now has to be cleared with Brussels.

The main conditions to be met in qualifying for assistance are the jobs - there is a cost-per-job ceiling on the aid level - and evidence that the project will only go ahead if it is assisted by Government. A project of such size would also have to be considered by the Industrial Development Advisory Board, composed of businessmen who advise Lord Young.

All the considerations with regard to assistance, however, are likely to be negotiable between Toyota and the Government, which can also be expected to battle with Brussels, if necessary.

Toyota's investment plans have been announced at a time when competition from Continental governments for inward investment in the run-up to 1992 is increasing.

JAPANESE CAR MAKERS' MARKET SHARES (1988)

	Units	% change on 1987	% share
Western Europe	1,446,000	+3.0	11.1
West Germany	414,000	−4.7	14.8
France	66,000	+3.9	3.0
UK	251,000	+11.5	11.3
Italy	20,000	+46.0	0.9
Spain	10,000	+45.1	0.8
Netherlands	133,000	−8.1	27.5
Switzerland	100,000	+15.1	31.1
Portugal	10,000	+3.5	4.7
Ireland	26,000	+11.6	43.0
Greece	22,000	+25.6	39.9
Finland	73,000	+15.2	42.1
Austria	83,000	+9.7	33.1
Belgium & Luxembourg	95,000	+7.4	20.5
Denmark	29,000	−28.5	32.8
Sweden	88,000	+29.3	25.9
Norway	27,000	−38.7	39.3

Source: Industry estimates

UK preferred for support in Brussels

By Stefan Wagstyl in Tokyo

MR SOICHIRO Toyoda, Toyota president, said yesterday that the UK was the preferred site because it was a strong member of the EC and because the company had been welcomed by the British Government.

The company said it still had to discuss state aid with the UK Government. However, Britain has not nsed money alone to show its support for Japanese companies in Europe.

Japanese groups are very impressed by the way Britain is ready to fight hattles in Brussels on behalf of Japanese companies based in the UK - most obviously in the case of the anger last year over the export of Nissan cars to France.

Mr Toshiaki Yasuda, a general manager in the international division at Nissan, said that kind of political support was more valuable than finance.

In Japanese eyes, the British attitude contrasts sharply with the French. Fuji Heavy Industries last year made no progress on a plan to produce Subaru cars in France after Paris dragged its feet on the project, although the scheme had the support of local authorities responsible for the site at Angers.

Toyota will do all it can to meet possible European objections to the scheme, as Nissan has done. The factory will start by making cars with 60 per cent local content, but that will rise to 80 per cent. At that level, it will satisfy EC definitions of EC-made vehicles.

UK NEWS

Labour attacks over GPs' budgets

By Philip Stephens, Political Editor

THE GOVERNMENT'S plans for the health service will allow general practitioners covering 25 per cent of the population to opt for their own budgets for patient care, Mr Robin Cook, Labour's health spokesman, said yesterday.

In a clear attempt to embarrass the Government ahead of the publication on Tuesday of its white paper on the NHS, Mr Cook said that a copy of the document passed to him also confirmed his "worst fears" with regard to plans to encourage hospitals to opt out of the control of health authorities.

Mr Cook said the NHS was clearly being "sized up" for privatisation, but Mr Kenneth Clarke, the Health Secretary, dismissed his claims as based on "highly coloured accounts of so-called leaked documents."

Scare stories about privatisation of the NHS had been parroted by the opposition for as long as he could remember, Mr Clarke said.

It is understood, however, that Mr Clarka's department

Robin Cook: health service "sized up" for sell-off

intends to start an investigation in to how secret documents were passed to the opposition spokesman.

Reading from a bulky set of Health Department papers which he said represented a recent draft of the white paper, Mr Cook said that it also included provision for all GPs to be given "indicative" budgets for prescription costs.

Under the present system, GPs' spending is not subject to cash limits, but the white paper envisaged that practices with more than 11,000 patients could decide to move to a system of fixed budgets. That would represent about 9 per cent of practices hut they accounted for about a quarter of all patients.

Mr Cook said that the white paper confirmed that GPs who chose the new system would be able to keep 50 per cent of any surplus at the end of the financial year. If they overspent, the money would be deducted from their budget for the following year.

That would provide a clear incentive for doctors to seek to minimise the costs of care and to discourage the elderly and seriously ill from joining their lists, Mr Cook said.

Referring to government denials of his claim earlier this week that over 250 hospitals would be eligible to cut their links with health authorities, Mr Cook said that the draft white paper more than substantiated his view.

Although the exact phrase "opt out" did not appear, the white paper indicated that at least that number would be ahla to decida to become "self-governing," outside the direct control of health authorities.

It stated directly that: "There are currently over 320 major hospitals in UK. This chapter sets out the Government's proposals for enabling as many of these hospitals as are able and willing to do so to run their own affairs."

Regional and district health anthorities, Mr Cook said, would be run by new 10-person boards excluding any local-authority representation.

The merit awards paid to consultants would also be changed to include an assessment of their effectiveness in managing resources as well as in the standards of clinical expertise.

Healthy future for collaboration

Alan Pike on how the private sector is getting together with the NHS

PRIVATE-sector hospital operators are awaiting the Government's health care white paper on Tuesday with almost as much interest as their counterparts in the National Health Service.

Although the main messages of the white paper will be addressed to the public health system, it is certain to encourage the type of collaborative arrangements between the two sectors that have been developing in recent years.

There are just over 200 private acute hospitals in the UK, and their ownership is increasingly becoming concentrated in the hands of the larger organisations such as Nuffield Hospitals and AMI, the US-based private health care group that was floated on the Stock Exchange last February.

Substantial but uneven growth in the private hospital sector during the 1980s is shown in research by Sheffield University published in this week's British Medical Journal. It indicates that overall admissions to the private sector increased by 57 per cent between 1981 and 1986.

Most patients are shown by the research to use private hospitals for operations for which there are waiting lists in the National Health Service. According to the survey, 20 per cent of hernia operations and more than 25 per cent of hip replacements were undertaken privately in 1986.

However, wide regional variations in tha use of private hospitals are shown – only 6 per cent of operations in the northern region were carried out in the private sector, compared with about a third of the total in parts of London and the south-east.

It is already commonplace for private hospital operators snch as AMI to perform operations on contract for NHS health authorities. Almost all AMI hospitals handled such work last year – its hospital at Ross Hall, Glasgow, also undertook 600 open-heart operations for the Norwegian health authorities – and the Government's efforts to promote an internal market within and between health authorities will increase opportunities for private hospitals to bid for NHS work.

None the less, Dr Marvin Goldberg, British chief executive of AMI, sees the main growth for companies like his coming not from winning NHS contracts, but from the expansion of private medicine as a distinctive alternative alongside the NHS. In his view, the function of the private sector is to enhance and supplement the NHS, not to compete with it or replace it.

"British people are increasingly keen to exercise individual choice as consumers," he says. "This is seen in changing patterns of spending on cars, holidays and clothes. A decision to opt for private health care is a logical element of this growing consumerism."

Dr Goldberg suggests that the advance of private medicine in Britain has not been helped as mnch as it might have been by the private health insurance sector – "not a terribly exciting industry and one that needs to change."

Some private hospital operators believe the provident associations and insurance companies have been over-cautious in their efforts to generate new business. As a result, the private hospitals are working at expanding the market themselves.

Insnred patients still accounted for more than half AMI's turnover in 1987, compared with 15 per cent paying their own fees. But uninsured patients who write out their own cheques for treatment are considered an important growth area.

AMI has introduced a system of package pricing for some types of treatment. If a prospective patient knows in advance that it will cost £1,200 for an operation and all the associated care and accommodation, says Dr Goldberg, it takes a lot of the mystique and anxiety out of private medicine. He also believes that that sort of price is one that more and more people are prepared to pay to obtain treatment at a time of their choice and avoid waiting lists.

Two outdated visions of the private-hospital sector almost certainly still dominate the public imagination. One is of old-fashioned nursing homes carrying ont low-technology procedures and leaving anything complicated to the NHS. The other is of lavishly appointed five-star clinics attracting most of their patients from overseas.

Some of Britain's private hospitals have invested heavily in advanced equipment – sometimes made available to the NHS – and are often able to handle the most complex of surgical techniqnes. Dr Goldberg's Harley Street clinic in London is the biggest cardiac surgery unit in Europe.

At the same time, 92 per cent of AMI's acnte hospital patients in 1987 were UK residents. Rich overseas patients have declined considerably in recent years, leading to excess capacity in the famous central London private hospitals.

The private sector's hopes for market expansion are today set very clearly on the UK. Whatever new opportunities for collaborating with the NHS are contained in next week's white paper, the private hospitals' first priority will continue to be to persuade more people that private medicine is an alternative they can afford.

Ilea wants more for final budget

By David Thomas, Education Correspondent

THE INNER London Education Authority, which is to have a budget of £960m in the last year of its existence, says the sum allocated is more than £60m short of its needs.

Mr Kenneth Baker, Education Secretary, yesterday issued an order restricting the amount Ilea can raise for 1989-90 to £960m. That is £10m above the limit originally set in December for Ilea, which is due to be abolished in April 1990.

The Government believes it represents a cash freeze on Ilea's spending, once allowance is made for the transference out of Ilea control this April of a number of polytechnics and colleges.

However, the authority had told the Government that its spending needs next year would be £1.03bn.

Ilea said yesterday that the settlement would mean larger classes, fewer teachers and fewer staff in a year when it will be preparing to hand over educational responsibility to the inner London boroughs.

No. 0000 of 1989

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF BLUEMEL BROS. PUBLIC LIMITED COMPANY

– and –

IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 9th January 1989 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named Company from £3,000,000 to £600,000.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Millett at the Royal Courts of Justice, Strand, LONDON WC2A 2LL on Monday the 6th day of February 1989.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated Charge for the same.

DATED this 25th day of January 1989.

Messrs Edge and Ellison,
Rutland House, 148 Edmund St,
Birmingham B3 2JR

Solicitors for the above-named Company.

French enter steel stockholding

By Nick Garnett

THE FRENCH state-owned steel company Usinor-Sacilor has entered UK steel stockholding by buying 30 per cent of Howard E. Perry, a stockholder based at Willenhall near Wolverhampton.

Usinor-Sacilor will use the purchase to try to sell more steel in the UK through Howard E. Perry, the main customer sector of which is the motor vehicle industry.

The move is part of a growing trend involving European steel producers buying stockholding operations outside their domestic markets.

Howard E. Perry, a long-established family business, was bought in the 1970s by Klöckner & Co, the West German trading company taken over by Deutsche Bank last October after losses on oil futures trading.

Deutsche Bank is discussing with several companies, including British Steel, the possibility of them buying part or all of Klöckner.

The steel stockholder, Britain's third-largest supplier of flat-rolled products, also carries out process work. Klöckner will keep its 70 per cent stake in the British business, which has annual sales of about £47m.

Mr Klaus Wasmuht, finance director at Howard E. Perry, said the Usinor-Sacilor stake would provide the British company with more money to develop its business, as well as another main source of steel.

Usinor-Sacilor reported net profits of FFr2.2bn (£200m) in the first half of this year after several years of losses.

The stockholder already hnys steel from the French company, as well as from steel prodncers in West Germany, the Netherlands and Italy, together with British Steel.

Its main customers, in addition to the automotive industry, are in the electrical, domestic appliance and industrial furniture sectors.

British Steel has been expanding the number of its stockholding businesses in Continental Europe. In France it owns Profilacier, a stockholder and processor, and has a 34 per cent stake in Huet Lanoe, another stockholder.

OBITUARY

Sir Thomas Sopwith: pioneering aviator

SIR THOMAS Sopwith, the aircraft pioneer whose fighter designs did mnch to help Britain to victory in two world wars, died yesterday at the age of 101.

He was the last survivor of a small band of determined aviation pioneers who between them, early this century, brought Britain into the era of manned, powered flight. They included Robert Blackburn, Geoffrey de Havilland, Frederick Handley Page and George White.

The designs emerging from his companies included such famous aircraft as the Sopwith Camel fighter of the First World War and, later, from the forerunner of the great Hawker Siddeley Group he founded, the Hawker Hurricane fighter, which, with the Supermarine Spitfire, helped to win the Battle of Britain in 1940.

After the Second World War his group pioneered the Harrier vertical take-off fighter, which performed so well in the Falklands campaign and is still in extensive service.

Thomas Octavius Murdoch Sopwith was born on January 18 1888. Trained as an engineer, he first learned to fly in 1910, gaining the Royal Aero Club's Pilot's Certificate No 31. Within four days of obtaining that licence, he set the British manned-aeroplane duration record of 108 miles in three hours 12 minutes.

Thereafter, he participated in international pioneering aviation meetings, either personally as a pilot or entering aircraft of his own design. He won many prizes, inclnding the Schneider Trophy race of 1914 at Monaco, with Howard Pixton as his pilot.

During the First World War, Sopwith, who had founded his own company, concentrated on design. A series of famous fighters emerged, including the Camel, the 1½-Strutter, the Pup and the Snipe, giving the Royal Flying Corps and later the Royal Air Force the vital advantage in combat over formidable German competition.

In 1920, after the war, he reorganised his business activities, founding the Hawker Engineering Company, which took its name from his own chief test pilot, Harry Hawker. Although there were many setbacks – at one stage the company huilt motor-cycles in order to remain in business – its affairs slowly prospered.

By 1935, he brought together his various business activities into the Hawker Siddeley Gronp, which eventually embraced many other famous aeronautical companies such as A. V. Roe, Gloster Aircraft and Sir W. G. Armstrong Whitworth Aircraft.

Owen says pact is best way to defeat Thatcher

By Phillip Stephens, Political Editor

DR DAVID Owen, leader of the SDP, yesterday called on the Labour Party to acknowledge that an electoral pact among the opposition parties offered the only realistic prospect of defeating Mrs Margaret Thatcher.

In what was seen at Westminster as his clearest statement yet of the potential for a Labour-SDP pact, Dr Owen said that Labour had abandoned many of the extremist policies that had led to the breakaway by the SDP.

However, he emphasised that what he regarded as significant shifts by Labour on a whole range of issues, from party democracy to membership of the European Community, marked only a partial U-turn.

Labour's apparent change of heart on nuclear defence was still far from credible, ha said, and it was crucial for the Labour leadership to accept the democratic legitimacy of proportional representation.

In a speech ahead of this weekend's meeting of the Council for Social Democracy, Dr Owen said that many in Labour's ranks were privately saying: "If we are going to go through the agony of a full 180-degree U-turn on all these points after a fourth election defeat, why not do it now?"

EMPLOYMENT

The daily pinta is delivered with care

By Yvonne Campbell

MILKMEN are being encouraged to take more care of their customers in an effort to boost flagging sales of doorstep-delivered milk, and protect vulnerable groups such as the elderly.

Rather than being friendly simply to sell more milk, milk-

men will be urged to look after customers' health.

They will do so, according to the National Dairy Council, by keeping an eye on frail customers, collecting money for charitable schemes and cheering up lonely people.

Mr Julian Spooner, NDC milk market manager, said a revised "care code" would encourage milkman to "check, contact, call." He said: "We are putting more emphasis on customer care – we want people to feel their milkman really delivers."

The initiative, which has its own logo and the slogan 'Your milkman really delivers,' is backed by Age Concern. In London yesterday, Ms Caroline Oliver, assistant director, presented five milkmen with badges and gold-plated pens, for "efforts above and beyond the call of duty."

She said she hoped the code would be taken seriously by milkmen. Pensioners who lived alone would gain from daily visits from someone concerned about their welfare.

Awards will be presented periodically hy the NDC. Among those receiving them yesterday were Mr Charles Ward, of Barnsley Co-operative Dairy, who rescued an elderly customer who had collapsed with a stroke, and Mr Alan Smart, of Express Dairies in Biggin Hill, Kent, who was nominated for customer service.

Several milk distribntion companies have been trying to halt the slide in deliveries. They have also started to franchise out rounds to give milkmen an incentive to increase sales.

Universities seek £180m for salaries and research

By David Thomas, Education Correspondent

BRITAIN'S nniversity employers are to approach the Government for a big package of extra funds to solve a range of problems going beyond their present dispute with lecturers.

This surprise initiative emerged following the breakdown of a meeting late on Thursday between the vice-chancellors and the 30,000-strong Association of University Teachers.

An emergency meeting of the AUT executive yesterday formally rejected the vice-chancellors' offer of 3 per cent for 1989-90, due on April 1, plus a lump sum equivalent to 3 per cent backdated to Jan 1. The AUT is to continue with its boycott of exams, which it claims is now affecting more than 40 universities.

The vice-chancellors are to ask the Government for extra money to fund an additional pay award of about 6 per cent for lecturers in 1989-90. They want to hand this money to vice-chancellors to use at their discretion to reward lecturers of outstanding merit or in disciplines such as accountancy and law, where there is a shortage, thereby eroding the national pay system.

The Committee of Vice-Chancellors and Principals yesterday refused to comment on the details of its submission to the Government, but it is understood that the vice-chancellors have decided to approach the Government on a much broader front than previously expected.

The vice-chancellors may ask the Government for as much as an extra £180m spread over tbe next two years to cover not just lecturers' salaries, but also the pay of university technicians and a shortfall in research funding.

The university employers say their 13,000 technicians, whose skills are in great demand in the private sector, were paid 18 per cent below market rates in 1986.

The universities want to make the technicians an offer for 1989-90 which would narrow the gap with the private sector, but which would also introduce much greater flexibility and management discretion into the technicians' pay structure.

The vice-chancellors are also likely to tell ministers that research funding from the University Grants Committee is insufficient to cover overheads incurred when universities do research work for outside clients such as industry.

BT raises London weightings

By Michael Smith, Labour Staff

BRITISH TELECOM yesterday announced a 27 per cent increase in pay weighting allowances for staff in inner London as part of a strategy to combat growing recruitment and retention problems.

The increase, which will be introduced in two stages, is to be implemented without agreement of the unions who are demanding larger rises.

BT employs abont 40,000 staff in central London and the rise will add to pay pressure on other employers in the capital.

BT's decision will bring the inner London weighting to £2,100 a year, with payments backdated to January 1. For the period from June 1 last year, wben the last allowances agreement ended, to January 1, BT has increased the allowance from £1,650 to £1,750.

The company's 30,500 staff in outer London will see allowances increased from £755 a year to £800 from last June and £890 on January 1. On full implementation the rise will be 17.9 per cent.

The four unions representing BT staff are claiming £2,500 for inner London and £1,100 for outer London, both payable from last June.

Leaders of the unions – tha National Communications Union, the Union of Communications Workers, the Society of Telecom Executives and the Communication Managers Association – meet on Monday to decide their response

Yesterday's decision marks the first occasion that BT has implemented a pay rise without the agreement of the unions.

BT said negotiations had not hroken down but it felt it had to act in the face of growing retention and recruitment difficulties.

Tha move followed the company's announcement on Thursday that it had agreed a joh sharing scheme with the NCU

Campaign to expand Jobclubs

By John Gapper, Labour Correspondent

A DRIVE to increase the number of unemployed people attending Jobclubs – at which they are given help in applying for work – was announced yesterday hy Mr Norman Fowler, Employment Secretary.

The number of Jobclubs is to be reduced from 1,200 to 1,000 but they will be expected to cope with 175,000 people a year rather than the current 140,000. Mr Fowler said the intention was to concentrate resources more effectively.

The Government has taken a number of initiatives recently to cnt the number claiming unemployment benefit, including drives on benefit fraud. Tighter rules on eligibility are to be introduced.

Mr Fowler said television and radio advertisements would be used to explain the help on offer in Jobclubs, which he said had helped find jobs for nearly 60 per cent of those attending.

Speaking at the opening of a business centre in Huddersfield, West Yorkshire, Mr Fowler said he had reviewed Jobclnbs in the light of the 530,000 fall in unemployment in the past year.

He said unemployed people sometimes needed help in making their job-searching more effectiva, and Jobclubs had already proved their worth.

Better advice 'could help skills shortage'

By Michael Smith

EFFORTS BY local anthorities to remedy skills shortages are being hampered by a lack of co-ordinated action, according to a report by council executives.

Individnal councils are increasingly finding their own solutions to labour shortages, the executives say. The lack of a national approach may be adding to the difficulties by increasing tha incidence of poaching rather than improving training.

The report says local authorities are "grossly under-provided" with information on skill shortages by their three national advisory bodies. It says the three organisations – which advise on training, pay and conditions, and management – should be replaced by a single body.

The authors were appointed by the Association of Local Authorities to review the work of the Local Government Training Board, one of tha three bodies. But after a survey of councils they recommend it should be merged with Lacsab, which advises on pay and conditions, and Lamsac, which advises on management, to form a unified Local Government Management Board.

The current structure is "anachronistic and lacks accountability . . . The future of central provision of advice and information can only be justified if it is meeting the needs of local authorities. We have found that these needs are only being met sporadically."

The survey found that there was was concern abont the "blurred relationship" between LGTB and the other two bodies and abont "insufficient activity" on skills shortages.

Authorities feel more should be done to help them by identifying skills shortages, and introducing remedial measures such as attracting more school leavers and graduates.

Lacsab provides information on skills shortages hut it and the LGTB have "failed to liaise effectively."

Potential solntions to skill shortages include changes to working practices, giving more responsibility to less qualified staff and improving the use of new technology. "Responsibility [for these] is divided between the three central bodies – and with no one having overall responsibility to address the problem there has been no cohesive action."

A unified board would remove the remoteness of the advisory functions and reduce costs.

TV sighting led to sack

BRITISH GAS was wrong to *dismiss an operator after* he was seen on television at an election count while on sick leave, an industrial tribunal has ruled.

Mr Alan Duncan, 37, of Provan, Glasgow, told the tribunal he had a torn ligament which did not stop him from walking but prevented him from doing his job.

He said he had been sacked after a British Gas supervisor recorded his appearance on a video recorder during the district council election count at the Kelvin Hall, Glasgow last May.

Mr Duncan, a national executive member of the GMB, claimed he had been sacked because of his union activities.

The tribunal ruled his dismissal was unfair and he did not contribnte to it, but decided the main reason was not his union activity. It has not yet ruled on the reason.

Mr Duncan, who had a medical certificate that he was unfit for work, said he wanted to be reinstated and to be paid compensation.

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Small business group calls for end to wage councils

By Our Labour Correspondent

THE Government should proceed with the proposed abolition of the 26 wages councils which set minimum pay levels for 2.5m workers, the Federation of Self Employed and Small Businesses has argued.

The federation says it "wholeheartedly" supports abolition proposals in a consultetion paper. The Government said it believed wages councils should be abolished because they preserved labour market inflexibility.

The federation says wages councils are unfair and are a hurden on small businesses. Greater "freedom and flexibility" were needed.

Unions and the Labour Party have said abolition will lead to wage undercutting.

The federation cites four ways in which the system is unfair:

- Most small businesses are unaware of the wage council system, so it is generally only when a wage problem arises that the subject of minimum wage levels arises.
- Because the inspectorate for the wages councils is "inadequate," the orders have differing impacts on various small businesses.
- The complexity of orders before the 1986 Wages Act – when they had a much broader scope – meant that there was "much abuse and misunderstanding of the rules between like businesses."
- The abolition of all controls within the orders except limits on the working week and the basic hourly minimum rates means employees with continuous service prior to the 1986 changes are more protected than new employees.

FINANCIAL TIMES

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Saturday January 28 1989

The risks ignored

WHAT WONDERFUL news for the Chancellor of the Exchequer! The current account deficit was only £1.26bn in December, somewhat below the consensus forecast of around £1½bn, while the current account deficit for the last quarter of 1988 appears to have been a mere £5.05bn. The reaction of the markets verged on the ecstatic. The FTSE index rose by no less than 46 points on the day, to over 2,000. Meanwhile, sterling held its strength (the exchange rate index both opening and closing et 98.1), rising by half a pfennig against the D-Mark, to DM 3.274.

"Curiouser and curiouser," Alice would surely have cried. The current account deficit for 1988 is now estimated at £14.3bn, which is to be contrasted with the £13bn forecast by the Chancellor in his Autumn Statement. The annualised current account deficit implied by the outcome for the last quarter is over £20bn or some 4 per cent of gross domestic product. Worse, the deficit continues to deteriorate: the current account deficit for the last quarter is substantially greater than the £3.7bn registered in the third quarter of 1988.

View from cliff

Nor can much optimism be extracted from the details of the trade figures. Excluding the more erratic items the volume of imports in the last quarter of 1988 was 14 per cent above that in the same quarter of 1987; the corresponding figure for exports was a decline of 2½ per cent. Imports of manufactures (excluding the erratic items) rose by 17 per cent between the last quarters of 1987 and 1988. Meanwhile, *exports of manufactures* (excluding the erratic items) rose by only 3½ per cent.

If this is good news, what would bad news look like? After all, these trends make optimism about the balance of payments in anything but the long term quite unconvincing.

One possible explanation for the current insouciance is that, like a man whose house is situated on the edge of a crumbling cliff, people have not merely got used to the view but have forgotten the state of the foundations. Somewhat more rationally, investors may believe that deficits on the current scale are sufficiently large to keep interest rates up (which is good news for the currency), while they do not demand the sorts of increases in interest and exchange rates that would result in a severe profits squeeze (which would be bad for equities).

Perhaps the markets will turn out to be right, but they are walking a tightrope. In the meantime, there are difficult conundrums for the policy makers as well.

Mr Lawson has good reason to be grateful to the increased current account deficit; it is, quite simply, what has stood between him and an inflationary disaster. Mr Gavin Davies of Goldman Sachs estimates that real domestic demand may have grown last year by 8 per cent, 3 percentage points faster than the 5 per cent growth of GDP, with the gap being filled by the inflow of resources from abroad.

Increase postponed

If this estimate proves right (as seems not unlikely), then nominal demand must have grown at over 13 per cent in 1988. With no increase in the external deficit, such growth in nominal demand, combined with 5 per cent growth in real output, would have resulted in a rise in the price of domestic output (that is, in underlying inflation) of around 8 per cent. Interest rates would have had to be higher still by now, probably giving retail price inflation in the year to last December at over 10 per cent.

The problem for Mr Lawson is that an increase in inflation of this order has been postponed, rather than prevented. Demand must be brought back into balance with supply before the accumulation of debt brings UK creditworthiness into serious doubt. Fortunately, the Government has time to bring this about, but that time is not to be measured in aeons.

Despite the clamour, the Chancellor's Budget judgment of last year was not his main mistake (or even a large mistake). The main mistakes have been in monetary policy. Nevertheless, the fiscal judgment this year cannot be made independently of the savings rate and the cyclical position of the economy. Much more important, however, will be an indication that the Government again possesses a credible and consistent monetary policy.

Even this may come too late to *avoid difficulties still to* come. The danger is that the monetary tightening of the second half of 1988 will work powerfully, but quite slowly, its major effects coming only in late 1989 and 1990. At that time, there is likely to be a yawning current account deficit and rising underlying inflation (as productivity growth slows and wage inflation creeps upward). With the election coming closer, the Government would be faced with a painful dilemma between inflation and economic growth. The good news may yet prove to betemporary, for the Chancellor – and for the British economy.

Kevin Done examines Toyota's plan for an assembly plant in Europe

Jostling for pole position

Toyota has confirmed West European car makers' worst fears.

Yesterday's announcement from Japan's biggest vehicle producer that it plans to set up a 200,000 cars a year assembly plant in Europe – most probably in the UK – signals the start in earnest of the battle for the European car market in the 1990s.

Nissan, the second largest Japanese car maker and traditionally the more adventurous of the two Japanese giants, decided in the first half of the 1980s to set up a European car production base – also in the UK. Now the much richer Toyota has overcome its natural conservatism and is taking the plunge.

Western Europe overtook North America in 1987 as the world's largest car market. Direct imports have already given the Japanese motor industry an 11 per cent share of the total Western European market, and around 9.5 per cent of the European Community market. It has long been clear that sooner or later the Japanese producers would have to establish local production. They need to be close to such a large and fast-growing market, and to circumvent the import restraints that have limited their access to some of the biggest markets – France, Italy and Spain in particular, but also the UK and Portugal.

Toyota's move has come at a moment when the European Community is still in disarray about policy to deal with the issue of direct Japanese imports after 1992 and with the question of Japanese investment in so-called transplant assembly capacity inside the EC's frontiers.

It is easy to see what is at stake.

In European countries unprotected by quotas – and admittedly without a domestic motor industry – the Japanese have already shown how well their cars sell. In Austria, Japanese makes accounted for 33 per cent of the new car market last year, in Finland their share was 42.1 per cent, in Switzerland 31 per cent.

In Italy, a market which has been restricted since 1957, direct Japanese imports are limited to 2,550 cars and 750 off-road vehicles. Japanese imports via other European countries pushed total Japanese car imports to Italy last year to around 20,000 cars, but this was still less than one per cent of the market. For Fiat the threat *is obvious. It presently controls fully* 60 per cent of the Italian market, and Italy accounts for no less than two-thirds of its total West European car sales.

France limits direct Japanese imports to five producers, Toyota, Nissan, Mitsubishi, Honda and Mazda, allowing them together no less than three per cent of the market.

One possibility is that the present *national import controls of some* countries would be continued into an indefinite future, possibly as a single umbrella *quota* for the whole of the EC, with transitional quotas for the countries likely to be hardest hit.

That would still leave the contentious issue of Japanese capacity in Europe. Last year a trade row blew up between France and the UK over access to the French market for Nissan's UK-built Bluebird cars. France declared that the Bluebirds shipped from Nissan's plant in Sunderland in *north-east England would be treated* as Japanese imports – and therefore subject to the French import quota – until they reached a local (EC) content level of 80 per cent.

The UK Government's stout championing of the Nissan cause – it appears for the moment with Brussels' backing to have overcome the French objections – was well calculated to appeal also to Toyota, as it *hunted for a warm welcome on European* shores.

To the indigenous European car makers the *idea of a strict local content* regime is appealing as a way of making Japanese assembly in Europe as costly as possible.

To that extent most car makers and EC member states are in agreement, but there is a wide divergence of views on how to measure local content in the first place, let alone on what level to set – 60, 80 or 90 per cent have all been suggested – or on whether to make special demands for the local manufacturing of key so-called "noble" components, such as engines, transmissions or axles. Increasingly the origin of key high value electronic components is also becoming a key issue.

In the absence of EC rules or clear precedents most progress on local content has been made in the UK, where there are ventures by Nissan and Honda (a production agreement with Rover Group) in cars and by *Isuzu and Suzuki – in a venture with* General Motors of the US – in light commercial vehicles.

In all these cases the UK Government has reached agreements that stipulate that the vehicles in question will first be considered as UK-built when they reach 60 per cent local content, but that the local content must be raised to 80 per cent within a transition period of two to three years. The UK uses a value based local content formula, taking the ex-works price of the car minus the value of components and materials imported from outside the EC.

It is still unclear as to whether this will satisfy the hardliners in the Community, but it is the regime that Lord Young, UK Secretary of State for Industry, has indicated will be negotiated with Toyota.

Toyota's weight in the global auto industry – only General Motors and Ford of the US are bigger – makes its looming arrival significant. As the accompanying chart makes clear, however, it is far from being the first Japanese group to plan vehicle assembly in Europe:

- By 1992/93 Nissan will be producing 200,000 cars a year in the UK, but the Government is privately confident that could rise to 400,000 cars a year by the late 1990s.
- Also in the UK, Honda has established close model development links with Rover Group, and from the autumn Rover will be producing 40,000 Honda Concertos a year at its Longbridge, Birmingham plant for sale through Europe.
- Honda is also building its own engine plant in southern England – 70,000 units a year initial production – but the size of its site at Swindon suggests much greater ambitions, possibly a wholly-owned assembly plant.
- In Spain Nissan also has a fully-fledged commercial vehicles operation – it could be the production location for a joint vehicle being planned with Ford.
- *Suzuki also has* big plans for increasing production of its speciality four wheel drive vehicles in Spain.
- This month also saw the beginning of production under licence of Toyota's one tonne pickups at Volkswagen's commercial vehicles plant in Hanover.

The Japanese car firms have already come a long way in building the second leg of their global industry *in North America.*

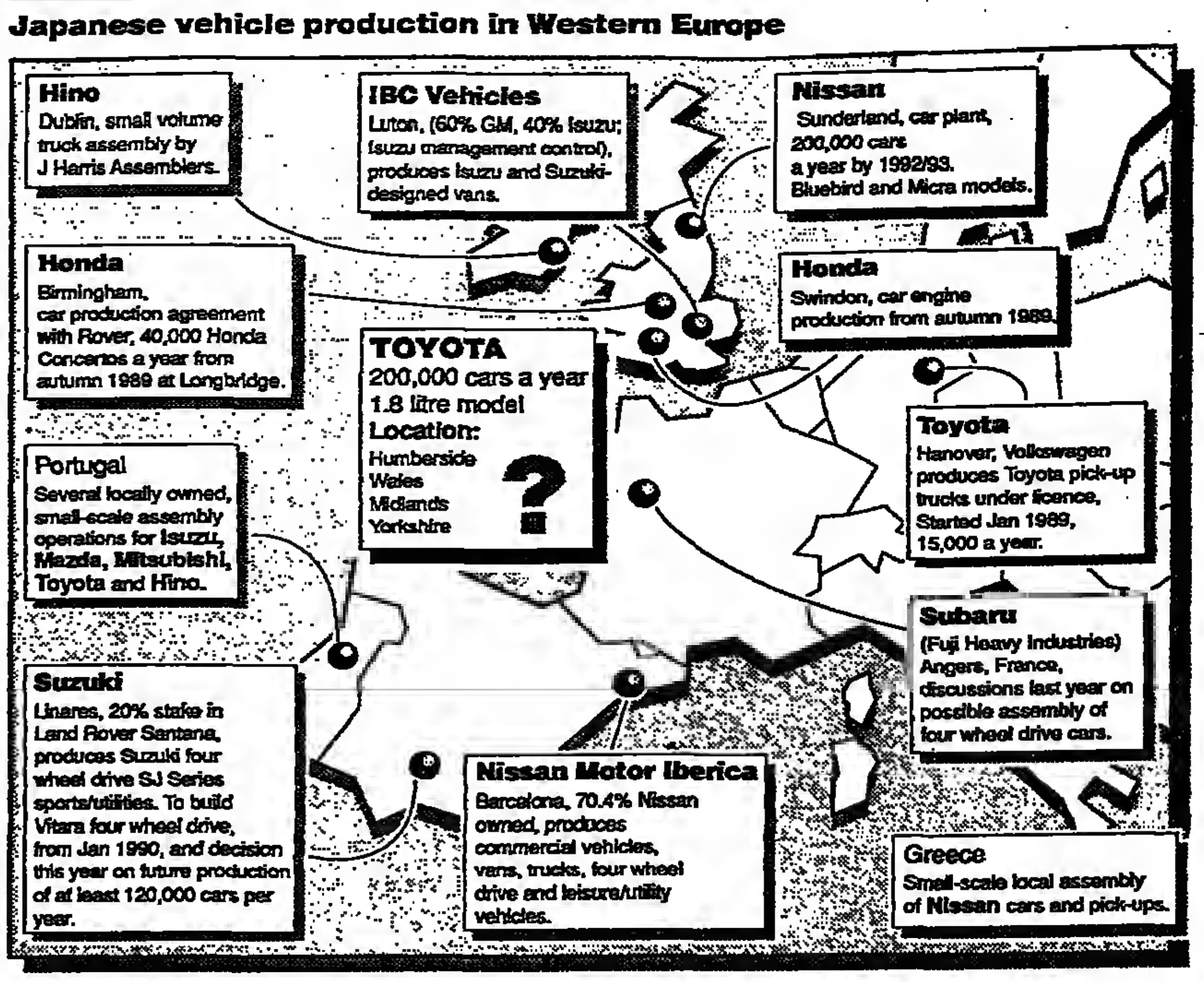
The Japanese transplant operations in the US may have begun as relatively unprofitable ventures to fend off protectionist measures by the US, but they have since become an economic imperative as a result of the soaring yen. At Y120-130 to the dollar, the US offers a lower-cost production base than Japan.

Japanese car-making capacity in the US was 648,000 units in 1987, but it is set to grow to 2.12m by 1990 and 2.68m by 1992/93. Now it is Western Europe's turn.

Even the European car industry's most successful segment – luxury cars – is about face a Japanese challenge, initially in the US, the world's biggest luxury car market. This autumn both Toyota and Nissan will launch their new Lexus and Infiniti luxury car ranges there, models developed over five years with the expenditure of several billion dollars.

Back in Western Europe car makers are still on the crest of a wave of record sales; demand reached an all-time high for the fourth year in succession in 1988. But as the successful European companies seek to add more capacity, a new era of ferocious competition beckons in the 1990s – with the Japanese present for the first time as domestic competitors.

Japanese vehicle production in Western Europe



Toyota Motor has been thinking about a European production plant for so long that executives yesterday could not remember exactly when the idea was first mooted. The primary motivation behind it was the need to establish a European beach-head before the economic integration of the European Community after 1992.

Japanese companies fear the abolition of internal barriers to trade could be matched by the creation of new external ones. Toyota would not admit this yesterday. But the Japan Automobile Manufacturers Association says: "The unification of the EC market will benefit manufacturers in Europe but not importers."

The rapid pace of change in design and technology in the industry has also made it increasingly important to keep in direct touch with local markets. Japanese motor exports, Toyota's included, have been falling since a peak in 1985.

Mr Shojiro Toyoda, Toyota group president, says he wants to see the European plant in production in 1992.

Secure in its domination of the Japanese market, where it has about a 45 per cent share of the passenger car market, Toyota least felt the need to invest overseas. It was hugely proud of the exporting power of its Nagoya factory – a model, even in Japan, of efficient mass-production.

Toyota's first wholly-owned North American factory only went into production last year, six years after Honda Motor's and five years after Nissan's.

Before opting to build its own plant in Europe, Toyota also embarked on a fruitless quest for a European partner for a joint venture. European companies baulked at doing a deal with a partner as big as Toyota, especially one with Y1,843bn (£14.5bn) cash in the bank. With annual production of some 4.2m vehicles last year, Toyota's annual output is 25 per cent bigger than Volkswagen.

Toyota has ambitions appropriate to its size. In addition to the UK plant, which will eventually produce 200,000 cars a year, Tokyo analysts say that it is considering two further schemes for the 1990s – a 100,000 cars-a-year factory in Belgium and a 200,000 cars-a-year plant in Spain. Mr Toyoda said yesterday the company was not worried about creating overcapacity in Europe: the market had been good recently, he said.

Stefan Wagstyl

CAR SALES IN EUROPE 1988

	units	% change	% share
Total market	12,999,000	+4.6	100.0
Japanese makes	1,446,000	+3.0	11.1
Nissan	378,000	+3.9	2.9
Toyota	349,000	−0.3	2.7
Mazda	245,000	+4.9	1.9
Mitsubishi	156,000	+3.6	1.2
Honda	140,000	+7.8	1.1

Source: Industry estimates

Alison Maitland assesses this month's surge in world equity markets

Rebuilding that old pre-crash confidence

Now that the Valley of the Shadow of Death seems well and truly behind them in the fretful past of 1987 and 1988, the hopeful pilgrims of the world's equity markets have been behaving in recent weeks as if the Celestial City were just around the corner.

Share prices have been bounding up from one week to the next as investors turn the page on the lingering memories of the Crash and try to make a fresh chapter out of 1989.

An inflow of New Year funds can often lead to a rally in January, especially when institutions have been sitting on piles of cash throughout the previous year and suddenly fear they will miss the boat. But the rapidity of this month's rises has startled the pessimists and surprised even the optimists.

The contrast could not be more striking with the gloom only two and a half months ago, when the dollar's slump after the US election again raised the spectre of higher interest rates and sent equities tumbling on Wall Street, with a predictably depressing spin-off on Europe.

The current strength of the dollar, and the greater currency stability achieved by the central banks, has been important in restoring confidence, at least in the short term. But interest rates are still rising, with a round of increases in continental Europe nine days ago, and tough noises about inflation from Mr Alan Greenspan, the Federal Reserve chairman. High interest rates are conventionally bad for equities, yet the stock markets have been shooting ahead.

It has partly been a matter of catching up. Not all markets have advanced at the same pace in the past four weeks *and it has been the laggards of 1988 that have made up ground the fastest.*

In the UK, the FT-Actuaries All-Share index has climbed 11 per cent since the start of the year to close at 1,034 last night, its biggest rise in the month of January for 10 years. That compares with a 6.5 per cent advance for the whole of 1988, the worst performance among the world's big markets.

In the US, the Standard & Poor's Composite index had run up 5 per cent in the past four weeks even before another surge yesterday. It gained 12.4 per cent in the whole of last year. The Dow Jones Industrial Average was meanwhile up 5.6 per cent to Thursday and rising again yesterday. Funds have been moving into the UK and the US from continental European markets, which were "rediscovered" last year and gleaned considerable rewards from the 1992 effect. In France, for example, the CAC General index jumped 46 per cent in 1988 and is already past its level at the close of trade on September 30, 1987, just before Black October. US stocks, on the other hand, are 9 per cent below that level and the UK market still has 14 per cent to make up. Hong Kong, another strong performer this year with a 10 per cent rise, none the less languishes 25 per cent below its pre-crash level.

A rebalancing of portfolios is by no means the whole picture, however. Japan was one of the outstanding markets of 1988 with a rise of 40 per cent in the Nikkei average, yet it has still managed to notch up 4.9 per cent this year, helping to boost investors' confidence worldwide by unexpectedly taking the death of Emperor Hirohito in its stride.

"People have been concerned that the Japanese market alone was going up but now that other markets are rising *as well, the environment is very good,"* says Mr Michio Oikawa of Nomura Securities in Tokyo. "If the strength of each market can work favourably to help *other markets to rise that* will in turn restore confidence in equities."

That renewal of faith is reflected in the current focus on good news. The high economic and corporate earnings growth of 1988 – unimagined in the dark final days of 1987 – continues to produce pleasant results for the markets to digest, while progress in 1989 looks assured, though at a slower pace.

Interest rate rises are being shrugged off because the markets seem to be anticipating the successful capping of inflation and an end to the tightening of the monetary screw. This is reflected in long bond rates that are holding steady at a lower level than at the short end of the market in both the US and the UK.

"The markets are presuming the rise in interest rates will improve the quality of long-term profits and growth by taking out the inflationary pressure on costs in future years," says Mr David Roche, international strategist in London for Morgan Stanley, the US investment house.

Moreover, as the new Bush administration enjoys its honeymoon, there is confidence in the firm grip of Mr Greenspan (perhaps too firm for the new White House?) and in the prospects for some agreement with Congress on the budget deficit. The dollar optimists seem to be winning, and the Japanese are said to be rethinking their view that the US currency would turn down sharply in February or March.

Mr Bush's personal image has also undergone a media correction. "Three months ago, he was a wimp," remarks Mr Roche. "Now even his wife is practically the best thing to have ever hit government."

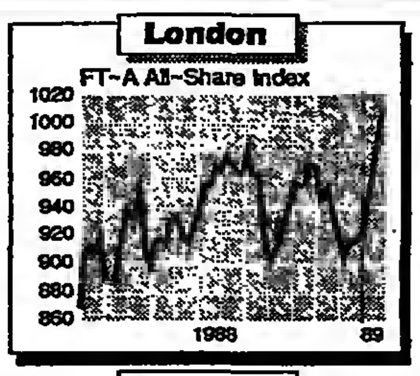
So has the markets' progress this year really left the gloom of 1988 behind? The wildest of the optimists claim we are back in a fully-fledged bull market. And even some of the more cautious see plenty of attractions in equities. Mr Walter Downey, chief investment officer for Fidelity International's global pensions business, believes that most markets should come close to a complete recovery from 1987 losses during the first half of this year.

Mr Downey sees domestic factors helping to buoy individual markets – takeovers in the UK, the possibility of an end to double taxation of dividends in the US, an inflow of eastern European orders into countries like West Germany, and the benefits of high liquidity, a strong economy and a new imperial era in Japan.

The pessimists believe the focus will inevitably return to the central – and as yet largely untackled – problems of the US trade and budget deficits. The argument for a "soft landing" for the world economy may be gaining credence. But Mr Jeffrey Thompson, head of equity strategy at BZW, warns that "sentiment can change very savagely and very fast, particularly in the US." Next Friday's US employment figures might be a trigger, if they came out too strong and prompted the Fed to raise the discount rate.

Additional reporting by Michiyo Nakamoto.

London



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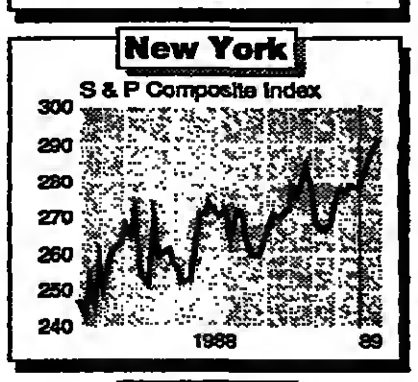
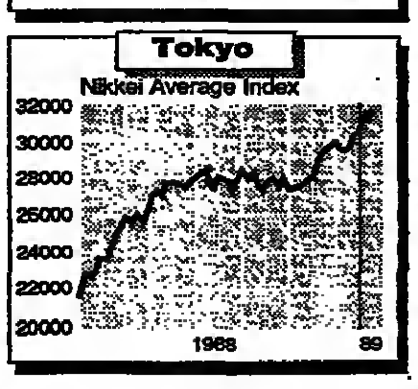
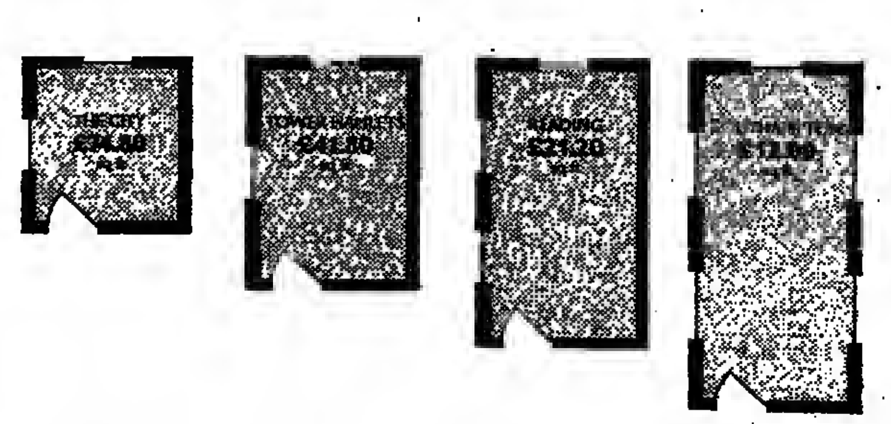


Tokyo





MORE COSTS LESS IN HAMPSHIRE

When searching for a new administrative centre you will find that more space costs less in South Hampshire.

Recent research* has found that office rents and rates in Southampton, for example, cost around £12/sq ft.

Ask the Hampshire Development Association for a copy of the Coopers & Lybrand Associates' independent study on South Hampshire which found that "property costs in South Hampshire are considerably lower than those current in central London or the Thames Valley."

*Debenham Tewson & Chinnocks Office Rent and Rates 1988.

Please send me a copy of the Coopers & Lybrand report. Post this coupon to: The Hampshire Development Association 13 Clifton Road, Winchester, Hampshire SO22 5BS or call Winchester (0962) 56060.

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HAMPSHIRE DEVELOPMENT ASSOCIATION

A.H. Hermann offers a guide to the impact of this week's proposed reforms of the UK's legal system

The law of supply and demand

Q. WHAT will the proposed reforms do to widen access to the law? And how long will this take?

A. The Government proposes to improve the availability of legal services by opening them to competition; by giving clients a greater choice of lawyers of different kinds; and by enabling clients to invoke the help of non-lawyers in legal business.

Three months of discussion on the three green papers will be followed by a difficult passage through Parliament. Barristers, with 10 per cent of all seats in the Commons, are particularly unhappy. Assuming the proposals do become law, however, it will still take years for the reform to trickle down through the legal profession.

Q. Will I be able to get my house sale carried out more cheaply and conveniently?

A. The proposal that building societies and banks should be allowed to do house-sale conveyancing for their borrowers would certainly save the buyer money, time and inconvenience. But many people worry over a possible conflict of interest. However, both the lender and the borrower are interested in establishing for the buyer an undisputable title to the ownership of the house. The proposal seems practical and without any great risks.

Q. Will the proposals help make divorce a quicker, less painful process?

A. Though divorce is now much simpler, lawyers, steeped in the adversarial approach, are not always well-placed to make the separation less painful. Sometimes they fight the other party over money or custody of the children instead of helping to bring about a peaceful settlement. Because the proposals provide for partnerships mixing lawyers and other professions, they could lead to the development of a divorce *service in which lawyers*, accountants, counsellors and welfare workers would co-operate – and if that happened, much unnecessary unhappiness could be avoided.

Q. What about getting probate for a will and other routine legal problems?

A. The green papers propose an end to the solicitors' monopoly in handling probate or letters of administration. It will often be cheaper to let an accountant deal with probate. Non-lawyers would also be allowed to represent parties in court in some cases. The Citizens Advice Bureau or Legal Advice Centres could help with tenancy and social security problems, for instance, up to court proceedings.

Q. If I am injured in an accident that is someone else's fault, but do not qualify for legal aid, will I now be better placed to pursue my claim?

A. The financial inequality between the insurer and the victim of an accident often leads to delays and unsatisfactory settlements. The proposals open the way to an end to the ban on "no win, no fee" agreements between client and lawyer. This should be of tremendous benefit to claimants who cannot rely on legal aid.

Q. How will "no win, no fee" arrangements actually work?

It is proposed to model them on the Scottish rather than the American method. In Scotland, the lawyer takes the case "on speculation," charging fees only if he wins the case. The green papers suggest that this could be accompanied by an agreement that, in case of success, there will be an "uplift" of fees – that is, more will be charged than the normal rate, but this would *still* not be a percentage of the award.

Q. I run a big company. Can I now handle all my legal affairs with in-house lawyers?

A. Staff lawyers, if properly qualified, will have the same access to courts as lawyers in private practice. In practice, however, it will be cheaper to have routine work done in-house, but farm out unusual cases to specialists.

Q. I run a small company. Will I be able to get my accountancy firm (which knows my business intimately) to handle my legal problems too?

A. Large law firms apart, *most solicitors start to* be interested in the client only when he brings his troubles to them. However, the profusion of new laws and regulations call for advisers who make it their business to *prevent* trouble. The proposals would allow the creation of mixed partnerships, combining lawyers and accountants and possibly also other experts, such as surveyors. Such a partnership would be well placed to supply business customers with a law compliance service, to help prevent fraud and disputes with suppliers and customers.

Q. Will the proposals cut the costs of going to court?

A. Litigants would be able to choose whether they wish to be represented in court by one lawyer, or two or three as at present. Most litigants will be happy to pay only for one. They will have a greater choice of specialised solicitors who can also do court work; and they will be able to approach a barrister directly without having to go through a solicitor.

Q. If I want to go direct to a barrister, how will I know who's available – and who's good?

A. The green papers foreshadow the total liberalisation of legal advertising, apart from the usual requirement that it should be legal, decent, honest and truthful. In principle, therefore, lawyers will be able to quote their success record in their advertisements.

Q. Do the proposals make any headway in reducing the law's delays?

A. As the present rigid divide between barristers and solicitors starts to disappear, there will be many law firms which have *some lawyers sitting* in the office and others going to courts. Such integration would relieve many advocates of dependence on court work. They would be paid properly for work contributing to an out-of-court settlement. This is likely to cut out a lot of speech making in court; it would lead to greater emphasis on written procedure, which would speed up cases.

Q. Will the proposals mean that all the top advocates will be tied up by the big law firms, so a small plaintiff will get second rate advocacy?

A. Many of the best advocates will find it more lucrative to continue as independents. Small plaintiffs cannot afford them under *the present* system, anyway.

Q. I live and work outside London, away from the specialist law firms. What's in it for me?

A. The Bar is concentrated on London, much more so than solicitors. Provincial clients are therefore likely to benefit from the upgrading of solicitors and the opening of courts to them.

Q. What will happen if I'm unhappy with the new, reformed *legal system*?

A. There would ba an Ombudsman with powers to investigate clients' complaints and to recommend compensation. The proposals would also end the Law Society's practice of deflecting complaints on the *grounds either that it has no* yardstick for measuring "shoddy work", or that, if there might possibly be a legal action for negligence against the solicitor concerned, a ruling might prejudice the action.

Q. Does the proposed licensing of advocates mean they will be in the Government's pocket, unwilling to take on politically risky or unpopular cases?

A. The Bar thinks so. But it has no monopoly of integrity and *independence*. On the contrary, it could be argued that the prospect of being made a Queen's Counsel or a judge makes barristers more likely to look over their shoulder to the Government than solicitors or patent agents, for exampla. *And the proposed Advisory* Committee, which will oversee professional conduct, will have a majority of lay members. Why should it be be less solicitous of justice for the citizen than the Bar Council which, after all, has a much narrower professional interest?

Q. Will there be fewer out-of-touch judges?

A. Maybe. Higher-court judges are now chosen only from the Bar. The proposals would allow judges who *start* as solicitors or academics to progress from county court as high as the House of Lords. This should provide a mnch more varied judiciary.

Q. Will the reforms lead to a rapid concentration of the legal system in a small number of big firms? Will country solicitors go bankrupt once their staple work, conveyancing and so on, is open to competition?

A. Concentration is already well advanced, both in the City and the provinces. There seems *to be no reason* why the reforms should speed it up. On the contrary, the provincial or small-town solicitor will be able to take on work until now reserved to the Bar. There will also be the opportun ty to combine with accountants for commercial work, for which there is great demand among small and medium-sized businesses. This will require a change in attitude, ond a more enterprising spirit among country solicitors. Those who do not adapt *may well run into* trouble.

MAN IN THE NEWS

Desmond Fennell QC

Passionate champion of the English Bar

By Raymond Hughes

Desmond Fennell QC, chairman of the Bar, is very conscious of his role as the servant of the Bar and guardian of its interests; one who, while leading from the front, is careful to keep in touch, and in step, with all his members.

Until last year when he headed the King's Cross disaster inquiry, Fennell was almost unknown outside his profession. Educated at Ampleforth, where he was an enthusiastic rugby player, and Corpns Christi College, Cambridge, he has spent most of his life doing a mix of criminal and civil work on the Midland and Oxford legal circuit – which explains his deep awareness that there is legal life outside London.

His experience on the King's Cross inquiry affected him greatly. One of his first moves after being appointed was to visit the scene. Going down the burnt-out escalator, he says, was a traumatic experience. "I suppose one will always live with the recollection of that first impression. It was possible to sense the feeling of claustrophobia, the panic, the smell, the atmosphere. It's a cliché, but it was the nearest thing one could ever have seen to hell on earth."

Fennell is passionate on issues concerning the Bar. This was particularly in evidence on Wednesday when he gave the Bar's initial reactions to the green paper on the organisation of the legal profession.

Facing the television cameras, he made no attempt to disguise his anger at Lord Mackay's proposals. The green psper, he said, "threatens everyone's constitutional right to have an advocate ntterly independent of the state. No *government*, of *whatever* political persnasion, should be granted the suggested powers set out in the green paper."

A future government "could prevent the fearless representation of unpopular causes by control of the (advocate) licensing system." The Bar, Fennell forecast, would "wither away" es its brightest and best were headhunted by the big City law firms.

In the Bar's long history few of its chairmen can have faced *such a challenge to its future* as that which Fennell will have to address during his year of office. Asked yesterday if, having had two days in which to digest the proposals, his initial response had been modified, be replied: "No. I'm terribly troubled that, if the green paper is implemented in its present terms, it would lead to the end of the independent Bar."

Much of what was proposed was wholly commendable, he said. What troubled him was that the consequences that would flow from some of the "breathtaking" proposals had not been fully addressed. "What seems to be a sad and stark contradiction is that what sets out to improve legal services and access to them is, at the end of the day, going to defeat that very object."

Fennell is particularly concerned about the effect on recruitment – he speaks of "a great clond of nncertainty" cast over the future of the Bar as a career. "Multi-disciplinary partnerships and partnerships between solicitors and barristers are clearly going to mean that headhunting will begin. Indeed, one knows alresdy that some City solicitors have made approaches to prominent and successful members of the Bar."

Fennell sees the green paper as a combination of the competition policy of the Trade and Industry Department and Lord Mackay's "Continental and Scottish" approach of considering everything from first principles and then proceeding to see what must *follow* from *that* – very *different from* the "English approach" of previous Lord Chancellors: if a system does not work, you mend it.

Fennell has been charged with overreacting to the threat of headhunting, but be clearly feels there is a great risk of star barristers being attracted to "the great honeypots of the mega-firms."

But is it really likely that QCs, or even successful junior barristers, used to independence and with a high earning capacity, would wish to join solicitors? "There is a real danger that they'll be hured away. Any self-employed man always has doubts ebont what he can earn next year, and the comfort and security that can be offered by a big firm may seem very attractive."

Fennell is reasonably hopeful of being able to persuade Lord Mackay to modify his proposals. "I am wholly satisfied that the Lord Chancellor wants to retain an independent Bar. If we can convince him of the validity of our arguments, I think he will psuse and reflect. He is a fair-minded man."

What of his view that no government should be given the powers suggested in the green paper. Did that apply to the present Government ? "Not with this Lord Chancellor. But I do see an apparatus being established which, in malevolent hands, could really be a threat."

Will there be a recognisable Bar in the year 2000? "I would not be undertaking this defence of the Bar unless I thought it could be preserved. An independent Bar is one of the cornerstones of the freedom which we enjoy."

LETTERS

Customers' best interest

From Mr J.A. Patterson.

Sir, Mr C.L. Jackson (January 14) took the view that John Edwards's verdict on the new National Savings capital bond was "much too kind". I think that our customers are already showing that they are inclined to agree with John Edwards. Sales are now running at nearly £20m a week. For a new product which has been on sale for less than a month this is an encouraging start.

Mr Jackson appears to confuse receiving and paying out interest. Customers will receive interest on the capital bond as soon as that interest is capitalised – since the bond would immediately start to earn further interest on that interest. It is true that the capital bond does not pay out the interest annually. But in the UK tax system, savings are taxed annually whether tha interest is paid out or capitalised. Our own deposit bonds and investment account, which also credit gross interest once a year, are taxed in exactly the same way as capital bonds. And, as John Edwards says, higher-rate taxpayers investing in clearing bank or building society composite rate schemes would be liable to pay tax at the higher rate on the annual interest they receive, whether it is credited regularly to their savings account – like our capital bonds or investment account – or paid out as income like our income bonds.

Even if a basic rate taxpayer settled his annual tax liability by taking out money from his Series A capital bond holding on each anniversary he would still get just over 9 per cent per annum after tax over the full five years on the original sum invested.

One point which has not received much comment in the press is that most taxpayers in employment are likely to settle their annual tax liability on their capital bond interest through their PAYE tax code. So they will pay tax in monthly instalments after the interest has been capitalised each year, rather than by annual lump sums. We find that most investors seem to prefer to settle any tax liability on interest earned through the PAYE system, even on forms of savings where interest can be withdrawn without penalty to settle tax liability.

There is nothing novel about the tax treatment of capital bonds. So I do not understand Mr Jackson's reference to the Trade Descriptions Act. What is novel is that they combine our savings certificate's well-proved five-year guarantee against changes in interest rates with the gross interest of our income bonds and investment account.

J.A. Patterson,
National Savings,
Charles House,
375 Kensington High Street,
W14

Importance of contemplation

From Mr Alan Pavelin.

Sir, In his article "The Myth of the Three Minute Culture" (January 18), Christopber Dunkley is as light on evidence that our attention span has not shortened, as he claims Michael Ignatieff to be in presenting the opposite thesis.

The examples given by Mr. Dunkley seem to have been carefully selected to support a preconceived belief. To claim that lengthy stage productions like Nicholas Nickleby are invariably sold out, or that full editions of Dickens sell in their thousands, ignores the fact that only a relatively tiny proportion of the population experiences these things (far fewer in the case of reading Dickens, or hearing his books read, than 150 years ago). To assert that the average length of Hollywood movies has risen from 85 to 120 minutes is to overlook the virtual extinction of the old double-bill. And to state that the ability to watch longer and more complicated TV commercials is evidence of an ability to concentrate is quite ludicrous.

It would be just as easy to produce examples to support the opposite view, for example that the average shot-length of most modern films and TV programmes is about five seconds, much less than it used to be. In my view we are not only losing our ability to concentrate, but we have lost our ability to contemplate, arguably an even more important facility.

Alan Pavelin,
172 Leesons Hill,
Chislehurst, Kent

More than a simple book review

From Mr Bahram Massoudi.

Sir, I found Mr J.D.F. Jones's book review of William Shawcross's The Shah's Last Ride (January 14) to be most insulting to the Iranians who lived in, worked in and served Iran.

The article is less of a book review and more of an unsophisticated and uneducated critique of a nation. It is a biased judgment of a frustrated writer lacking journalistic ethics, scribbling words on paper and indiscriminately insulting a nation *as a whole, with* a choice of language rarely found in such a respectable publication as the Financial Times.

Mr Jones claims that William Shawcross "is less confident on the flavour of life in the Shah's Iran, of which he has no first-hand experience."

I feel sorry for Mr Jones, who thinks of himself as possessing "first-hand" information of a vast country such as Iran to make such observations as: "The sheer awfulness of the place in its heyday – the excesses of luxury, the ostentation of corruption, the viciousness, the scruffiness of the capital, the chaos, above all the arrogance of the Iranians . . ."

Need I write more about such an unprofessional journalistic approach to a simple book review?

Bahram Massoudi,
Bradstar Limited,
106 Baker Street, W1

Battling the drug threat

From Ms Claire J. Baker.

Sir, I refer to your leader "The challenge of drugs" (January 26), and in particular the reference: "The Bush Administration's appointment of a drug czar of cabinet rank *at least* recognises the pursuit by too many agencies of too many objectives, probably squandering resources in the process, such as the customs service's expensive use of airships to police the border with Mexico."

Regrettably, this statement is not only grossly inaccurate but is incalculably detrimental to our company's ongoing efforts to supply efficient, reliable and above all cost-effective aid to the US drug enforcement *agencies in* their battle to counter tha drug incursion threat.

Ws would point out that at this time there are no airships operating in this capacity along the border with Mexico, *nor anywhere else in* the US and to our knowledge customs services have yet to spend a single cent on such projects.

Could it be that your correspondent may have confused airships with tethered aerostats – a completely different and totally unrelated concept?

Claire J. Baker,
Airship Industries (UK), Limited,
No 1 Hanger,
Cardington,
Shortstown,
Bedfordshire

Working hard at the House of Fraser

From Mr Stan Frith.

Sir, I, along with approximately 20,000 other employees, am working very hard to ensure that House of Fraser remains the best department store group in the country.

It would seem, however, from the comments made by Mr Keuneth G. Shepherd (Letters, *January 26*), *that this* is of little concern to Lonrho and to Tiny Rowland, who it must be said introduced Mohamed Al-Fayed to the House of Fraser and whose miscalculations gave ownership to the Fayed family. He, along with a few government ministers and media representatives, seems oblivious to the fact that 20,000 people enjoy working for the new owners, that the business is being well managed and is prospering.

At the time of the takeover, avery shareholder (and that included virtually all of the staff as well as Tiny Rowland himself) received their cash without any kind of quibble and a price for their shares that exceeded everyone's expectations. Since then, the new board brought in by the Fayed family have taken a long-overdue look at the business. Further capital injections to finance acquisitions (Kurt Geiger, Carvela, Turnbull & Asser, etc), new developments, and the refurbishment of many stores which had been allowed to deteriorate prior to the takeover has exceeded £185m. A much needed rationalisation of tha property portfolio meant disposing of numerous small shops that it was felt could not contribute in terms of a full lina department stores business. However, the recent acquisition of Schofields plus two proposed new developments currently being contemplated will contribute additional trading space well in excess of these dispositions.

Staff have enjoyed a number of improvements in the last two years; a 20 per cent improvement in their pension plan benefit plus improved early retirement provisions (this is in addition to a temporary contribution holiday); new sales commission schemes have enhanced earnings potential as has a new and unique employee share option plan from which all staff who work in excess of 16 hours per week will benefit. In addition, the staff discount privilege has been improved for the majority of staff.

Mr Rowland has never made any secret of the fact that, had Lonrho acquired the House of Fraser Group, he had no interest at all in House of Fraser Stores, only in Harrods. Whereas we are expanding the group, he would have sold it off in bits and pieces presumably to finance the acquisition of the Knightsbridge store.

The only real concern in the minds of us all at House of Fraser is that having failed to secure the company for himself, Mr Rowland (backed by Lonrho's shareholders) is obsessed with not only discrediting the Fayed family, but in the process destroying the business and jeopardising the livelihoods of 20,000 loyal and dedicated House of Fraser employees. It reminds me of the Biblical situation in which King Solomon was faced with two women claiming to be the mother of one child . . . destroying the child was only acceptabla to the bogus mother. Need I say more?

Stan Frith,
House of Fraser,
1 Howick Place, SW1

ADVERTISEMENT

BUILDING SOCIETY INVESTMENT TERMS

	Product	Applied rate net	Net CAR	Interest paid	Minimum balance	Access and other details
Abbey National (01-486 5555)	Sterling Asset	10.00	10.00	Yearly	Tiered	Inst. ov £10K 9.60/9.35 + bonus
	Five Star	9.25	9.25	Yearly	Tiered	Instant 8.95/8.75/8.40
	High Int Chq Ac	9.15	9.15	Yearly	Tiered	Chq bk/Chq Card 8.65/8.15
	Current a/c	5.00	5.12	Monthly	£1	Chq bk/Chq Card
	Share account	6.15	6.24	½-yearly	£1	Instant access
Alliance and Leicester*	Inv Plus	10.25	10.25	Yearly	£25,000	4 m.nt.int tiered 9.90/9.45/9.15
	Gold Plus	9.25	9.25	Yearly	Tiered	8.95/8.75/8.40/8.15 inst. acc.
	BankSave Plus	8.40	8.40	Yearly	£10,000	7.90 £2½K+,6.90 £1+ cur.a/c Min.init. investment £500
	ReadyMoney Plus	6.15	6.27	½-yearly	£1	Instant access
	Cash Plus	8.15	8.15	Yearly	£2,500	7.15 £500+, 6.65 £1+, ATM access
Barnsley (0226 733999)	Summit	9.20	9.20	Yearly	£25,000	90 days' not/pen -£10K mth int av.
Birmingham Midshires (0902 710710)	Quantum Sixty	10.00	10.25	M/½-yrly	£25,000	Tiered rates from £1,000
	Magnum	9.50	9.50	Yearly	£25,000	Tiered rates from £100
Bradford and Bingley (0274 561545)	Maximiser Bonus	8.50	8.50	Yearly	£1,000	Inst. acc/ Bonus for no wthdrwls
	Maximiser Inc.	9.50	9.50	Yearly	£5,000	3 mths./90 day penalty
	Maximiser Grwth	9.80	9.80	Yearly	£5,000	3 m.nt./90 day penalty
	Maximiser Tp Rate	10.25	10.25	Yearly	£25,000	3 ms not (9.85 mthly/qrtly/½yly inc)
Bristol and West (0272 294271)	Matrixcard	6.15	6.24	½-yearly	£1	Inst. Acc.£500 7.50
	No.1 Capital	10.25	10.25	Yearly	£25,000	3 months' notice, £500 9.50
	No.1 Income	9.80	10.25	Monthly	£25,000	3 months' notice, £500 9.10
	Triple Bonus	9.25	9.25	Yearly	£25,000	Tiered to 8.50 £500+ Inst.acc.
	Share Account	6.15	6.24	½-yearly	£1	Instant access no penalty
	O'seas 3Mnths Cap			Yearly	£25,000	13.30 gr. non-UK res.£1K 12.40
Britannia (0538 399399)	2 Yr Trm (2 iss)	10.30	10.30	Yearly	£5,000	90 days not/loss int. after 2 yrs
Catholic (01-222 6736/7)	Jubilee Bond H	9.40	9.40	Monthly	£2,000	90-d. pen./not. m. int. tfr. 9.67
Century (Edinburgh) (031 556 1711)	Fxd Rate 2/3 Yrs	9.70	9.94	Choice	£1	Guaranteed rate 2/3 years
	Bonus Shares	8.25	8.42	½-yearly	£1	3 months notice for withdrawals
	Ex Pat Fxd Rate	12.64	13.04	Choice	£1	GUARANTEED NET + TAX 2/3 years
Chelsea (01-602 0006)	Lion Shs.(S.Iss.)	10.35	10.35	Yearly	£25,000	£500+ 9.60 £10K+ 10.00 3m/imm Pen
Cheltenham and Gloucester (0242 36161)	Cheltenham Gold	9.50	9.50	Yearly	£25,000	Monthly int available
	Cheltenham Gold	9.25	9.25	Yearly	£5,000	Monthly int. available
Cheshunt (0992 26261)	Spec 90 Shares	10.10	10.10	M./Yearly	£20,000	90 days' notice/penalty
	Spec 90 (ex-pat)	13.16	13.16	M./Yearly	£20,000	90 days' not/pen. Non UK resident
	Cheshuntcash	9.25	9.25	M./Yearly	£20,000	Instant access. Tiered a/c
Coventry (0203 252277)	Moneymaker	9.35	9.35	Yearly	£25,000	Inst.acc. no pen.
	Moneymaker	9.15	9.15	Yearly	£10,000	Mthly int. £25,000 - 8.97%
	3-year Bond	10.35	10.35	Yearly	£1,000	Withs. 90 days not./penalty.
	90-Day Option	10.35	10.35	Yearly	£25,000	Inst acc/no pen if bal £5,000+
	90-Day Option	10.00	10.00	Yearly	£10,000	Monthly income option
Frome Selwood (0373 64367)	Gold Minor Acc.	9.75	9.99	½-yearly	£1	On demand:0-18 year-olds
Greenwich (01-858 8212)	60-Day Account	10.00	10.25	Monthly	£40,000	No pen. if £5K remains in acc.
Guardian (01-242 0811)	Premier Shares	9.75	10.11	Quarterly	£3,000	No not/pen. to bal. £3,000+
Halifax*	90-Day Xtra	8.40	8.58	M./½-yrly	£500	90 days, but
	90-Day Xtra	8.65	8.84	M./½-yrly	£10,000	instant where
	90-Day Xtra	9.15	9.36	M./½-yrly	£25,000	£5,000 remains
Hendon (01-202 6384)	3 months shares	9.86	10.10	½ Yearly	£1,000	3 months notice (+0.24% £25,000+)
Lambeth (01 928 1331)	Magnum Account	10.25	10.51	½-yearly	£10,000	6 weeks notice + penalty
Lancastrian (061 643 1021)	Masterplan	8.65	8.65	Yearly	£25,000	Instant access no penalty
Leamington Spa (0926 450045)	High Flyer	5.85	5.85	Yearly	£10	Withdrawals on demand
		9.00	9.00	Yearly	£1,000	without penalty
		9.75	9.75	Yearly	£10,000	
	Super 90	9.50	9.50	Yearly	£1,000	90 days' notice or imm. acc.
		10.00	10.00	Yearly	£10,000	+ 90 days' loss of interest
Leeds and Holbeck (0532 459511)	Capital Interest	9.85	9.85	Monthly	£25,000	90 days' notice or penalty
	Capital Access	10.25	10.25	Yearly	£25,000	Same. M/A on bal. £10,000+
Leeds Permanent (0532 438181)	Solid Gold	9.25	9.25	M/Yearly	£500	9.50 £5K 9.75 £10K 10.25 £25K
	Liquid Gold	8.40	8.40	Yearly	£500	8.75 £5K 8.95 £10K 9.25 £25K
	Young Leader	7.00	7.12	½-yearly	£1	Maximum Age 18
Marsden (0282 692821)	Rainbow	10.00	10.00	Yearly	£50,000	Min. bal. £500+ tiered int.
	Rainbow	9.80	9.80	Yearly	£25,000	+ no notice + no penalties
Mornington (01-485 5575)	Mornington 90	10.00	10.25	½-yearly	£1,000	£10K+ imm. -£10K 28d nt/pn.
National & Provincial*	90 Day Notice Ac.	10.20	10.20	Yearly	Tiered	Inst £10K+ 10.20/9.75/9.40/9.00
	Monthly Income Ac	9.80	9.80	Monthly	Tiered	As 90 day. 9.80/9.35/9.05/8.65
	Inst. Access	9.25	9.25	Yearly	Tiered	Inst. 9.25/8.95/8.75/8.40/7.90/6.35
	StowAway Bond	9.60	9.60	Yearly	£500	2yr term/0.5% bonus on maturity
National Counties (03727 42211)	Comet 2nd Iss	10.60	10.60	Yearly	£10,000	40 days notice & penalty
Nationwide Anglia (01-242 8822)	Capital Bond	9.00	9.00	Yearly	£1,000	90 Days' notice or penalty
	Bonus Builder	8.65	8.65	Yearly	£25,000	8.65 £25K+, 8.40 £10K+, 8.15 £5K+, 7.90 £2K+, 7.40 £500+, 5.50 £1+
	Capital Bonus	9.50	9.50	Yearly	£25,000	9.50 £25K+, 9.25 £10K+, 9.80 £5K+, 8.40 £500+
	Income Bond	9.00	9.00	Monthly	£2,000	90 days' notice or penalty
Newbury (0635) 43676	Instant Premium	9.50	9.50	Yearly	£25,000	Instant access. Tiered a/c
	Treasure Plus	10.25	10.25	Yearly	£25,000	£10K+ Inst acc 3 mth not/pn Tiered a/c
Newcastle (091 2326676)	Nova Plus	9.80	9.80	Monthly	£50,000	Instant access. Tiered A/C
Northern Rock (091 285 7191)	Mayspinner '90	9.25	9.50	M/Yrly	£5,000	90 day notice
		9.50	9.76	M/Yrly	£10,000	90 day notice
		9.75	10.02	M/Yrly	£25,000	90 day notice
		10.00	10.28	M/Yrly	£50,000	90 day notice
Norwich & Peterb'gh (0800 581584)	Top 10	10.00	10.00	Yearly	£30,000	10 days' notice
Nottingham (0602 481444)	Record Plus	10.25	10.25	Yearly	£30,000	90 day's notice or 90 day's penalty
Peckham (Freephone Peckham)	Platinum Port'lo	9.00	9.38	Monthly	£2000	Immediate access no penalty
Portman (0202 292444)	Premium-Plus	9.80	9.00	M/Yrly	£20,000	3mths not/£10K + imm not
Portsmouth (0705 291000)	3-Year Share	9.25	9.46	M./½-yrly	£500	No restrictions over £10,000
Principality (0222 44188)	3 Month Option	10.25	10.25	Yearly	£20,000	Tiered, 3 months notice/penalty.
Regency (0273 724555)	Plus	9.00	9.00	Yearly	£20,000	Im acc. £10K 8.85 £5K 8.25 £500 7.80
Sheffield (0742 756300)	Stainless	10.25	10.25	Yearly	£10,000	Notice after 1 year, 7 days
Skipton (0756 4581)	Sovereign	9.50	9.50	Yearly	£10,000	Instant access no penalty
	Sovereign	9.00	9.00	Yearly	£5,000	Monthly income available on
	Sovereign	8.50	8.50	Yearly	£500	investments of £2,500+
	Skipton Ninety	10.25	10.25	Yearly	£25,000	9.70 Mly inc opt
	Skipton Ninety	9.70	9.70	Yearly	£500	9.25 Mly inc opt av on inv £2,500+
Stroud and Swindon*	Century (2 Year)	10.25	10.25	Yearly	£20,000	(10% on £2000+ 90 day not/pen)
Town and Country (01-353 1476)	Superstore	9.35	9.35	Yearly	£25,000	Instant. Tiered from £1
	Moneywise	9.15	9.15	Yearly	£25,000	Chq book/Chq Card
	Super 60	10.15	10.15	Yearly	£25,000	Withdrawals available
Wessex (0202 767171)	Ordinary Shares	9.52	9.75	½-yearly	£1	No notice no penalties
Woolwich*	Prime Account	9.25	9.25	M/Yearly	Tiered	Instant access. 8.40 £500+, 8.75 £5K+, 8.90 £10K+ 9.25 £20K+
	Premium Inv a/c.	10.25	10.25	M/Yearly	Tiered	90d nt/pen. £10K+ Inst 9.25 £500+ 9.50 £5K+, 9.75 £10K+, 10.00 £20K+ 10.25 40K+
Yorkshire (0274 734822)	Platinum Key	9.50	9.50	Yearly	£500	60 days' notice /penalty
	Platinum Key	9.75	9.75	Yearly	£10,000	Instant over £10,000
	Platinum Key	10.25	10.25	Yearly	£25,000	Instant over £10,000

*For telephone see local directory. CAR = Annual yield after interest compounded 28/1

UK COMPANY NEWS

GrandMet in £90m asset swap with Brent Walker

By David Waller and Lisa Wood

GRAND METROPOLITAN, the UK drinks and food group, and Brent Walker, the acquisitive leisure and property group which has recently moved into the drinks business, yesterday announced a pub and betting shop swap which will take Brent Walker into another new area – the betting business.

Assets involved are estimated to be worth around £90m with GrandMet paying Brent Walker a balance of £19m in cash.

GrandMet will take 52 pubs drawn from Brent Walker's recently acquired J. Cameron and Tollemsche & Cobbold Breweries. These are large pubs, in areas where GrandMet is not well represented, and will be converted into Berni Steakhousea or Chef and Brewer managed pubs.

Brent Walker will acquire from GrandMet 119 licensed betting offices in London and the south east and 26 tenanted pubs in East Anglia, an area where GrandMet is well represented and where Brent Walker is committed to establishing a strong presence.

Mr George Walker, chairman of the company which bears his name, said the latest deal was part of the process of post-acquisition rationalisation of the brewing business bought from the Barclay Brothers for £324m last month.

Stock market analysts agreed with Mr Walker's view that Brent Walker's earnings would be enhanced as a result of the deal, and were pleased that the company's £900m debt mountain was being reduced. However, they were somewhat discouraged that Mr Walker was making a move into another business area so soon after the surprise move into the drinks business.

GrandMet acquired William Hill, the betting shop business, for £331m in December and is currently merging it with its own Mecca Bookmakers. The deal, which created Britain's second largest chain of bookmakers, is currently being routinely examined by the Office of Fair Trading. The sale of the 119 outlets will eliminate areas of overlap between Mecca and William Hill

● GrandMet also announced yesterday that it was to close its Brick Lane Brewery in London's East End which employs 195 people. Carlsburg lager and four Truman ales are the main products brewed there. Production will be transferred to the group's other breweries.

See Lex

GrandMet Sells stake in Irish Distillers

Grand Metropolitan yesterday finally sold its 29.9 per cent stake in Irish Distillers for about £70m to Pernod Ricard, the French group which won the battle for control of the Jameson's whiskey company in November, writes Lisa Wood.

GrandMet, which had offered I£5.25 per share in its own final bid for Irish Distillers, will make a loss of about £4m (sterling) in accepting Pernod's I£4.50 per share offer.

However, GrandMet will show an extraordinary credit of about £1.5m in this year's profits, writing back part of provisions taken for bid costs in the previous financial year. GrandMet has a number of trading agreements with Pernod as well as Irish Distillers, which supplies the whiskey for its Bailey's Irish Cream.

Lex £21m contract hire acquisition

By John Thornhill

LEX SERVICE, the UK's largest multi-franchise vehicle distributor, is to pay £21.1m in cash for Chart, the Stirling-based commercial vehicle contract hire business.

Lex has received irrevocable undertakings from holders of 68.5 per cent of Chart's voting share capital to accept its offers of 340p for each ordinary and preference share.

Mr Stewart Duff, Chart's deputy chairman and managing director, said yesterday that Lex had offered a full price for the company, "one which we felt we could not refuse."

Chart has over 1,200 commercial vehicles on long-term contract hire and 700 trucks in its short-term rental business. It operates from nine service centres throughout the UK and has invested heavily in computerising its fleet management system.

Chart made pre-tax profits of £1.6m on turnover of £23.1m in the year to March 31 1988. At that date it had net tangible assets of £9.1m. In the six months to September 30 Chart's pre-tax profits were £821,000 on turnover of £14m.

Lex said Chart would continue to operate as an independent company within the group for at least a year. During that period Mr Duff and his fellow executive directors will stay in their present posts.

Mr David Galloway from Lex will become chairman and he will be joined on the board by another Lex man, Mr Neil French. Four non-executive directors are to retire. The future of the business will be reviewed at the end of the year.

Lex said the existing rights of all 520 Chart employees, including their pension entitlements, would be safeguarded.

The money for the deal will be raised from existing borrowing facilities. Earlier this month Lex announced the purchase of six Nissan dealerships from the Dan Perkins group for £11.1m in cash, and last December it bought Spruce Ford, a Ford main dealer in Norwich, for £2.3m.

Canadian clouds loom over Ultramar

Interest is growing in the various intentions of stakeholders in the UK oil company, write **Steven Butler** and **Ray Bashford** in London and **Robert Gibbens** in Montreal

THE TAKEOVER Panel has acted to seek a clarification of investors' intentions regarding a stake in Ultramar, the UK diversified oil group, following speculation about possible takeover moves.

The action prompted a statement from Noverco and Unigesco, Canadian companies which with associates hold a 4.27 per cent stake in Ultramar, to state that they were continuing "to examine all options available to them in relation to their investment in Ultramar".

The statement did little to dissuade opinion in the City that the Canadian investors were seeking to put together a deal through which they would be able, at a minimum, to take control of Ultramar's profitable Canadian oil marketing and refining interests.

Sir Ron Brierley, the New Zealand businessman, holds a 14 per cent stake in Ultramar and is thought to be considering selling it.

At the annual shareholders' meeting of Noverco in Montreal earlier this week, Mr Marcel Dutil, the chairman, made it clear that the Quebec-based natural gas distributor was interested in seeking growth opportunities in oil refining and the distribution of petroleum products. After the meeting he said that the Ultramar move reflected Noverco's growing interest in these areas.

This stance was reinforced by a sentence in a prepared text for the meeting that, curiously, was omitted in delivery: "The goal of the acquisition is to bring us closer to business development opportunities in the refining and distribution of petroleum products."

There has not yet, of course, been an acquisition.

Mr Dutil controls 45 per cent of Noverco through his own publicly-quoted Can Am steel products group which operates in Canada and the northern US. Noverco owns upstream oil and gas investments in western Canada and is also involved in petrochemicals.

He told the meeting that the Ultramar holding, second only to Sir Ron's 14 per cent stake, was "a good investment for us".

Mr David O'Brien, the former executive vice-president of Petro Canada who recently took over as president of Noverco apparently to manage corporate acquisitions, is to decide how deeply the company should be involved in the petroleum business. Its gas distribution operations in Quebec are subject to provincial regulation.

Mr Dutil's partners in the Ultramar investment are Unigesco, which effectively controls Provigo, Canada's second largest food distributor, and the International Paribas banking group.

He has made it clear that he is interested only in Ultramar Canada, the British company's wholly-owned Canadian subsidiary, which is a leading products distributor in Quebec and the maritime provinces and operates a modern 100,000 barrels daily oil refinery at Quebec City.

Analysts have estimated that Ultramar Canada is worth at least C$600m (£286.36m) to C$700m. Mr Stephen Turner, of Smith New Court, said the entire group might cost £1.21bn to £1.38bn in a takeover, or between 350p and 400p a share. Ultramar yesterday closed at 308p; up 2p on the day.

London analysts believe that a full takeover of Ultramar, which also includes marketing and refining in California, a portfolio of North Sea oil exploration and production assets, and a natural gas operation in Indonesia, would be beyond the immediate resources of Mr Dutil and his partners. However the involvement of Banque Paribas could provide a source of leveraged financing.

Sir Ron, who could influence the outcome of any bid, began building his 14 per cent stake in Ultramar through Brierley Investments in 1986 and it has proved one of the most successful investments he has made in the UK.

The average entry price is understood to be under 170p. At yesterday's closing price, his holding is capitalised at £147.8m, leaving a paper profit on the investment of at least £66.2m.

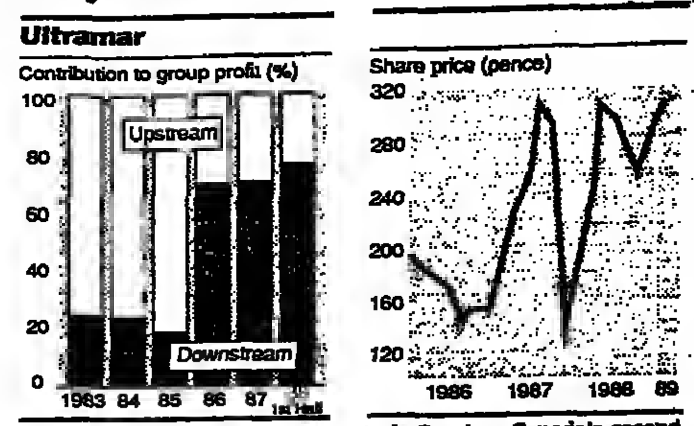
Analysts rule out an offer from Sir Ron for Ultramar, but believe that an acquisition in the UK within the next 12 months would conform with Brierley Investments' strategy for international expansion.

Any sale of its Ultramar stake would free a large slice of its UK investment portfolio, valued at an estimated £550m, which has been built up from humble beginnings in 1980.

Brierley has at least £100m tied up in its 28 per cent stake in Ocean Transport & Trading, the diversified freight transport group. Analysts believe that if the Ultramar stake was sold, Brierley would be better placed to bid again for OT&T.

Premier Consolidated Oilfields, the UK independent oil company, has also accumulated a 2 per cent stake in Ultramar, and is understood to be interested in Ultramar's North Sea assets as well as the Indonesian gas operation, should the group be broken up.

Ultramar



Joint ventures likely for GEC

By Terry Dodsworth, Industrial Editor

THE GENERAL Electric Company is likely to arrange a series of joint ventures, collaborative agreements or disposals for a handful of companies that fall outside the seven key areas most closely involved in the group's present restructuring plans.

These peripheral activities are believed to have a total turnover of around £400m in a range of diverse activities. They fall into so many different industry categories that GEC has ruled out any single transaction to determine their future.

Talks on the future of these operations are expected to depend on the successful completion of the current round of reorganisation centered on the takeover bid for Plessey. This proposed deal, now lapsed because of the referral to the Monopolies and Mergers Commission, would determine the future of three of GEC's mainline activities in defence, telecommunications and semiconductors.

Another group of companies is being restructured in two separate deals. These involve GEC's power generation division, which is being merged with Alsthom of France, and the group's domestic appliance business, which is being injected into a joint venture with General Electric of the US.

At the end of this reorganisation process, GEC would also have three other large divisions in medical electronics, electronic measuring equipment and office products. But it would also have a few businesses which do not fit with any of these operations, and for which it will need to seek alternative arrangements.

The companies on this short-list include its wire and cables division, the Express lift company, which is Britain's largest indigenous supplier, Woods of Colchester, Satchwell Control Systems and the Walsall Conduits distribution business.

The legal wrangle over GPT hots up

By Hugo Dixon

THE LEGAL wrangle between GEC and Plessey over their telecommunications joint venture, GPT, heated up yesterday when GEC issued proceedings against Plessey in the High Court.

Earlier this month, Plessey – which is fighting off a takeover attempt by GEC and Siemens of West Germany – served notice on GEC that it had broken their agreement setting up GPT.

In particular, it took issue with GEC's deal with Siemens to carve up GPT and claimed that it therefore had a right to buy out its rival's share of the telecommunications business.

GEC hit back yesterday, arguing that its agreement with Siemens did not contravene the undertakings it had given Plessey over GPT and that Plessey's notice was therefore invalid. It is asking the High Court to rule on the matter as quickly as possible.

The legal battle over GPT is central to Plessey's campaign to remain independent. If it was successful, it would have the right to buy GEC's half share in the business at a price determined by auditors.

Because the price would not include a control premium, it would effectively be a knock-down price – perhaps £200m less than what Plessey would then be able to sell the stake for on the open market.

AT&T, the US telecommunications giant, is understood to be keen to acquire part or all of GPT.

If Plessey was successful in its legal battle, a whole range of new defence strategies – such as leveraged buy-outs or white knights – would be open to the company. If it pursued such strategies at present, it would itself end up contravening the GPT shareholders' agreement.

The High Court is expected to hear the GPT case within the next few weeks. However, a final decision could be delayed if the losing party pursued the matter through the appeals process.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Baldwin ....fin	1.15ꝭ	Apr 7	–	3.15☆	1.25
Crown Comm § ....fin	3	-	-	3	-
Dunton Group § ....int	0.48	Mar 23	0.26	-	0.76
KLP Group ....fin	4.4†	Apr 7	3.2	6.5	5
Misys § ....int	1.8	Apr 5	1.2	-	3.2
Telecomputing § ....fin	nil	-	0.85	0.65	1.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ΦThird market. ꝭFor six months to new year-end of October 31. ☆For 18 months.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1988/89 High	1988/89 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
†	F.P.	-	398	355	CLF Yeoman	393	-5	RQ24½	4.6	2.6	12.8
§45	F.P.	-	58	45	‡Cassidy Brothers 10p	53		b3.08	2.0	7.7	8.4
245	F.P.	25/1	289	243	Compass Group 5p	289	+2	R7.2	2.7	3.3	14.9
§125	F.P.	-	137	135	‡Farepak 20p	135	-1	R4.75	2.8	4.7	10.4
§117	F.P.	-	118	110	‡Sandell Group 10p	118		L4.4	1.8	5.0	11.6
§140	F.P.	30/1	171	141	Secure Trust 1p	170	-1	W7.09	2.3	5.6	10.4
§140	F.P.	-	148	143	‡Sheriff Holdings 5p	143	-3	L5.25	2.4	4.9	11.5
♦	F.P.	-	£19⅜	£17¼	Sumitomo Bank Y50	£17¼	-¼	Q15%	7.5	0.1	71.3

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1988/89 High	1988/89 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	105p	103p	‡Apollo Metals 8p(Net) Cm Rd Pf 10p	103p	
100p	F.P.	-	111p	106p	Barton Grp 5p(Net) Cv Cm Rd Pf 10p	107p	
100p	F.P.	-	102p	97p	Bradford Grp 7p(Net) Cm Cv Rd Pf 10p	101p	+2
100p	F.P.	9/1	106½p	100p	‡Citynslon 8.5pc Cv Cm. Rd. Pf.	105p	
100	F.P.	-	93⅛	93⅛	Gt. Portland Ests. New 9½pc Deb 2016	93⅛	
100p	F.P.	-	96p	87p	Iceland Frozen Foods Cv Cm Rd Pf 20p	96p	+2
§100p	F.P.	24/1	100¼p	93p	Jessups 7.3p(Net) Cv Cm Rd Pf 50p	95p	-3
100p	F.P.	–	75p	54p	Kelt Energy 6pc(Net) Cv Cm Rd Pf £1	68p	-1
100p	F.P.	-	96p	86p	Leisure Invs 7pc Cm Cv Rd Pf(1988) £1	95p	+3
-	F.P.	-	100	100	Nationwide Anglia 12⅝pc 29.1.90	100	
§100p	F.P.	-	100p	88p	Rockware Grp 7¼pc Cv Cm Rd 2nd Pf	96p	+1
†100p	F.P.	-	90p	80p	‡Thorpac 8p Cv Rd Prg Pf '01-'05 50p	85p	-5

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1988/89 High	1988/89 Low	Stock	Closing Price p	+ or -
130	Nil	-	22pm	3pm	Cullingham Corporation	22pm	+2
20	Nil	2/3	4½pm	3pm	Dinkie Heel 5p	4pm	
110	F.P.	22/2	123	112	Rickards 10p	113	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. t Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on Prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ▽ Issued by tender. ◊ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ◊ Issued in connection with reorganisation merger or takeover. ‡ Allotment price. ‡ Unlisted securities market. ♦ Official London listing. □ Including warrants entitlement. * Third Market.

TRADITIONAL OPTIONS

- First Dealings — Jan 23
- Last Dealings — Feb 3
- Last Declarations — May 4
- For settlement — May 15

For rate indications see end of London Share Service

Calls in Corton Beach, New Eng Props, Quotient, Traf House, Sheraton Sec, Helical Bar, Howard Hldgs, B Steel, BHH, Tusker Res, B Airways, Ennex, Owners Abroad, WHS "A", Taylor Woodrow, Mt Charlotte, PML, Mountleigh, Blackwood Hodge, Benlox, Utd Guarantee, Blacks Leis, Aitken Hume, Burford Grp, Davies & Metcalfe "A". Put Waterford Glass.

Multitone losses rise to £286,000 at half-time

By Clare Pearson

Multitone Electronics, which a year ago rebuffed a bid approach from Blick, a fellow radio-paging concern, signalled that yet another year of losses was in sight as it unveiled a pre-tax deficit of £286,000, up from £146,000, for the half-year to September 30.

The company, which had expected to move into profit this year for the first time since 1985, said it had now been hit by higher UK interest rates. This would lead to much heavier interest charges for the year to the end of March despite a levelling-off of its development spend. The shares shed 2p to 74p.

But Multitone said it had eliminated the principal source of trading losses in recent years with the last month's sale for £1.38m of its two North American marketing subsidiaries to Glenayre Electronics which will now act as sole distributor for Multitone products in North America.

The disposals gave rise to a £644,000 extraordinary loss in the interim figures.

Development expenditure amounted to £998,000 (£897,000). Turnover stood at £9.94m (£11.69m). After a £150,000 (£273,000) loss in North America, operating profits came out at £935,000 (£1.03m).

After a higher overseas tax charge of £66,000 (£20,000), the loss per share worked through at 2.3p (1.1p). There is no interim dividend.

Dunton raises profits to £0.5m

Dunton Group, a USM-quoted property developer, brick manufacturer and civil engineer, raised its turnover by 61 per cent to £2.24m and its profits before tax from £261,000 to £504,000 for the half year ended November 30.

Earnings per 5p share improved to 1.6p (0.94p) and the interim dividend is being lifted to 0.48p (0.26p).

Dunton announced the £2m purchase of a two-thirds interest in an industrial estate in Bedfordshire from Holywell Property (St Albans).

Elders rules out bid for MB

By Maggie Urry

MR JOHN Elliott, chairman of Elders IXL, the Australian pastoral, finance and brewing group, yesterday said he had no intention of bidding for MB Group, the UK packaging, security printing and central heating company, in which Elders Investments holds a 5.1 per cent stake.

Speaking in Australia, Mr Elliott said he was not completely happy with MB's proposal to merge its packaging interests with Carnand, a French packaging company, to form the largest packaging group in Europe. He said he was considering putting other proposals to MB.

Mr Elliott believes the plan, which will set up a new company called CMB Packaging Group and in which MB will have a 25.5 per cent stake, does not give the best value to MB shareholders.

Barings, MB's merchant bank, said yesterday it did not know what Elders proposals might be, but it was confident the merger was the "best possible deal for MB shareholders".

Shareholders will consider the plan at a special meeting on February 24, when three special resolutions, and a number of ordinary resolutions, will be put.

Bremner drops to £0.02m

By Philip Coggan

Bremner, the stockbroking and property group, yesterday reported what its statement described as a "disappointing" pre-tax profit of £23,322 for the six months to November 30. The statement was released at 5.45 yesterday evening and no-one from the company was available for comment.

Profits were down from last year's interim £137,500 for the six months to July 31 1987. Bremner's main business is Carswell, the Glasgow stockbroker, which had losses of £24,000 on turnover of £124,000. Administrative expenses were £231,000 wiping out most of the property income of £81,000 and interest income of £198,000. There is no interim dividend.

The poor figures are unlikely to dim the controversy surrounding the company. Mr James Rowland-Jones, the former chairman, has repeatedly tried to return to the board and to remove his successor, Mr Dennis McGuinness.

The statement said the figures were hit by exceptional costs due to general meetings. There was also an extraordinary £53,000 for litigation costs.

Crown Communications trebles to £3m

By Fiona Thompson

CROWN Communications, the USM-quoted television production, corporate video and commercial radio group, more than trebled pre-tax profits from £906,000 to £3.12m for the year to September 30, 1988. Earnings per share jumped from 2.3p to 12.1p and a dividend of 3p has been recommended.

Of the £3.12m, Crown's share of profits from related radio companies contributed £2m, a 70 per cent increase over the previous year.

Crown owns the London Broadcasting Company (LBC), although these results include just the 58 per cent share that Crown owned at its year end. It has since acquired the outstanding 42 per cent. It also has strategic holdings in a number of commercial radio stations, and owns Independent Radio Sales, which, as agent, places about 40 per cent of the advertising on commercial radio stations in the UK. LBC manages Independent Radio News, which provides services to all 46 UK independent stations.

Mr Christopher Chataway, chairman, said that following the merger of Crown Television and Crown Communications Radio in June 1988, the group had made considerable progress. "Crown is now recognised as a major force in radio, an important factor in business communications and a likely beneficiary from the advent of satellite broadcasting and the deregulation of television," he said.

"Radio activity for the second successive year has continued to be strong and an increase in advertising revenues in excess of 25 per cent has been achieved. Radio advertising is certain to be affected by high interest rates and a slowing economy, but current indications are that, despite considerable regional variations, there will overall be a further advance in 1988."

Misys surges to £1.8m on back of strong trading

By Fiona Thompson

MISYS, the fast-growing supplier of computer systems, yesterday reported pre-tax profits more than doubled to £1.82m for the six months to November 30, 1988. The advance from £885,000 was made on turnover which moved ahead to £8.51m from £8.4m.

Earnings per share for the USM-quoted company showed a 57 per cent rise to 9.1p and the interim dividend is lifted to 1.8p (1.2p). The shares closed 12p up at 356p.

Mr Kevin Lomax, chairman, said the strong trading performance had coincided with the business progressing from a single market company to a group of businesses serving a number of end user markets.

The insurance broking sector still accounted for about 40 per cent of the current rate of profits, but additional markets now served by the company included food processing, textiles, banking, corporate accounting, travel agency, higher eduction and quarrying.

The results reflected a strong improvement in trading performance in all three of the group's subsidiaries – Misys Dataller, and the two companies acquired last summer, BOS Group and CP Programming.

An extraordinary meeting on February 27 will consider whether to allow the company to purchase its own shares.

Jefferson Smurfit rights issue to raise I£112m

By Maggie Urry

JEFFERSON SMURFIT Group, the Dublin-based packaging group, is to raise I£112m (£92m) net of expenses through a rights issue of convertible loan notes, allotted on the basis of 55p of notes for every ordinary share held. The company expects a number of acquisition opportunities in the next few years and wants to strengthen its balance sheet.

The issue was announced last night after the market closed. Details will be given to the Dublin and London Stock Exchanges on Monday. A shareholders' meeting will be held on February 22.

A total of £114.3m of unsecured loan notes will be issued at 9¾ per cent interest. Smurfit "decided to issue high coupon notes as these will give a substantially higher yield until conversion than available on the ordinary shares." They will be convertible into shares at 350p and can be converted on or after July 1 1994, with forced conversion on July 1 1998. Full conversion will create about 32m shares.

The shares closed in Dublin at 492.5p, and in London at 433p, up 23p, following news of strong profits growth in the North American subsidiary. The Investment Bank of Ireland, the underwriter, said the conversion price was at a discount to the share price because it was a kind of deferred rights issue.

IBC's fixed-price tender technique arouses wider interest

By Clay Harris

UBS PHILLIPS & Drew, the stockbroker advising International Business Communications (Holdings) on its novel fixed-price tender offer, said yesterday that it had received a number of unsolicited calls from other companies interested in using the same technique.

IBC, a newsletter publisher and conference organiser, is offering to buy up to 40 per cent of its shares at 150p, in an effort to enhance earnings growth through substituting debt for equity. A full take-up would cost the company £37m. Yesterday its shares closed 2p higher at 140p.

Mr Oliver Pawle of Phillips & Drew said the response to IBC's plan suggested that many companies, especially those with poor share performances since October 1987, might consider such an offer as an alternative to a full management buy-out.

Meanwhile, IBC's circular to shareholders posted yesterday reveals that any shares tendered under the offer will not be eligible for the 2.8p final dividend for 1988 which the company forecast on Thursday.

Shareholders' total proceeds will also be cut because of the rules of the on-market tender.

Under an ordinary takeover bid, accepting shareholders incur no dealing costs. To participate in IBC's tender, however, shareholders will have to apply through a stockbroker or bank manager. The intermediaries are expected to levy the usual charges for a sharesale.

It also became clear yesterday that the novelty of IBC's proposal extends beyond the tender itself.

To enable it to go ahead, IBC has sold several of its publications businesses to two newly formed subsidiaries. The disposals were necessary to create sufficient distributable profits to finance the buy-back.

Under the Companies Act, buy-backs of shares can be financed only out of distributable profits (accumulated realised profits) or the proceeds of a fresh share issue.

At group level, IBC had only £4m of such reserves, far short of the estimated £46m it would need to purchase up to 49 per cent of its shares (taking into account its existing authority to buy in up to 14.9 per cent of shares).

To boost the total, IBC – on the advice of London solicitors McKenna & Co and with the approval of its auditors Finnie & Co – arranged to sell certain businesses to the newsubsidiaries, at a "market" price determined by a number of factors.

This reflects the increased value of certain titles which were either built up in-house or acquired some time ago. It is similar to the valuation of brands and other intangible assets with which some other UK companies are experimenting, but, according to Mr Sean Watson of McKenna, has the benefit of actually crystallising the gains in a way which creates distributable profits.

Michael Bell: most businesses will be sold to managements

The disposals will create sufficient distributable profits to give a comfortable margin over the costs of the buy-back, according to IBC.

The need to finance this internal transaction explains why IBC has arranged a loan facility of £67.5m, far more than needed for the tender offer itself.

IBC plans to reduce its debt through the sale of peripheral businesses. It has already sold the advertising agency Smedley McAlpine to management.

Likely to take the same course soon is Teacher Marks Deal, the commercial and industrial estate agent and property consultant. IBC abandoned plans to float it in a period of stock market weakness late last year.

Also up for grabs are the advertising agency Summerfield Lerner and a half dozen marketing services and design companies.

The last two remnants of RTD Group, the engineering company into which IBC reversed in 1986, could also go. They are Swinton Electro-Plating, a Manchester-based metal finisher, and ASM, a Runcorn-based designer and manufacturer of equipment for the elderly and disabled.

Mr Michael Bell, IBC chief executive, expects most businesses to be sold to their managements. Overall, IBC is looking for disposal proceeds of £20m to £25m.

MARKET STATISTICS

ECONOMIC DIARY

TODAY: Pakistan holds parliamentary by-elections. British International Toy & Hobby Fair opens at Earls Court (until February 1).

TOMORROW: Sinn Fein annual conference. International Food and Drink Exhibition opens at Olympia (until February 2).

MONDAY: US personal income (December). European Community internal market council meets in Brussels. US International Trade Commission hearing in Houston on the effects of GATT. Labour Party delegation visits Moscow (until February 3). UN conference on toxic waste disposal in Luxembourg (until February 3). Bond International extraordinary meeting.

TUESDAY: Department of Transport issues new vehicle registrations figures for December. Bank of England publishes details of London sterling certificates of deposit in December; bill turnover statistics (December; UK banks assets and liabilities and the money stock (December) and sterling commercial paper (December). Japanese leading indicators (November). Government review of National Health Servive expected to be published. Conference on Middle East peace prospects in the The Hague with participation of prominent Israelis and Palestinians (until February 2). Blue Arrow results.

WEDNESDAY: Department of Energy issues advance energy statistics for December. US leading indicators (December), construction spending. Commons agriculture committee continues hearing into salmonella and eggs. Afghan rebels convene consultative council in Islamabad to approve an "interim government". Southern Africa Development Coordination conference (SADDC) annual meeting with donor nations in Luanda. W.H. Smith interim statement.

THURSDAY: The Treasury publishes figures for the UK official reserves in January. Bank of England announces capital issues and redemptions during January. US single family home sales (December). Communist Party holds ideological conference on reform and liberalisation in Warsaw (until February 4). Mr Eduard Shevardnadze, the Soviet Minister, visits China (until February 4). BOC Group interim statement.

FRIDAY: The Department of the Environment issues figures for housing starts and completions during December. US factory orders (December), unemployment (January). Meeting of the finance ministers and central bank governors of seven leading industrial nations in Washington.

BANK RETURN

BANKING DEPARTMENT	Wednesday January 25, 1989		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	88,392,511	-	304,243
Bankers Deposits	1,283,673,826	+	24,423,260
Reserve and other Accounts	1,854,946,997	+	78,988,558
	3,241,566,334	+	103,107,575
ASSETS			
Government Securities	746,992,401	+	46,910,000
Advance and other Accounts	664,917,646	+	37,461,617
Premises Equipment & other Secs	1,820,962,051	+	13,384,939
Notes	8,841,719	+	5,352,358
Coin	282,517	-	11,339
	3,241,566,334	+	103,107,575
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	14,151,158,281	-	95,352,358
Notes in Banking Department	8,841,719	+	5,352,358
	14,160,000,000	-	90,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	6,116,430,039	-	76,614,321
Other Securities	8,032,554,861	-	13,385,679
	14,160,000,000	-	90,000,000

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EUROPEAN OPTIONS EXCHANGE

Series		Feb. 89 Vol	Feb. 89 Last	May 89 Vol	May 89 Last	Aug. 89 Vol	Aug. 89 Last	Stock
GOLD C	$400	10	5	22	18.50	–	–	$399.75
GOLD C	$420	14	1	50	9.90	–	–	$399.75
GOLD P	$380	–	–	–	–	30	5	$399.75
GOLD P	$400	107	4.80 B	60	10	–	–	$399.75
GOLD P	$420	168	20	–	–	10	20.50	$399.75
		Feb. 89		**Mch. 89**		**Apr. 89**		
EOE Index C	Fl. 250	31	21	–	–	7	22.50	Fl. 270.91
EOE Index C	Fl. 255	361	16	1	18.50 B	–	–	Fl. 270.91
EOE Index C	Fl. 260	179	12	29	14	8	15	Fl. 270.91
EOE Index C	Fl. 265	688	8	269	10.30	5	12	Fl. 270.92
EOE Index C	Fl. 270	1329	4.80	109	7.30	33	8.50	Fl. 270.91
EOE Index C	Fl. 275	109	2.40	869	4.80	–	–	Fl. 270.91
EOE Index P	Fl. 255	25	0.80	44	1.90	–	–	Fl. 270.91
EOE Index P	Fl. 260	396	1.20	43	2.70	12	4.80	Fl. 270.91
EOE Index P	Fl. 265	445	2.20	756	3.80 B	67	6.50	Fl. 270.91
EOE Index P	Fl. 270	362	3.90	135	6	3	8.20	Fl. 270.91
EOE Index P	Fl. 275	69	6.10	–	–	–	–	Fl. 270.91
S/FI C	Fl. 200	–	–	84	9.30	5	9.50	Fl. 209.40
S/FI C	Fl. 205	15	4.50	49	5.20	–	–	Fl. 209.40
S/FI C	Fl. 210	53	1.70	21	2.60	–	–	Fl. 209.40
S/FI C	Fl. 220	–	–	125	0.50	–	–	Fl. 209.40
S/FI P	Fl. 190	–	–	238	0.30	–	–	Fl. 209.40
S/FI P	Fl. 195	–	–	80	0.45	–	–	Fl. 209.40
S/FI P	Fl. 200	–	–	138	2.10	1	1.60	Fl. 209.40
S/FI P	Fl. 210	8	3.50	54	4.60	–	–	Fl. 209.40
		Apr. 89		**Jul. 89**		**Oct. 89**		
ABN C	Fl. 45	243	1.30	99	1.90	185	2.30	Fl. 43.80
ABN P	Fl. 45	54	2.10	14	3.20	12	4.10	Fl. 43.80
AEGON C	Fl. 90	361	7.30	62	8	–	–	Fl. 94.90
AEGON P	Fl. 90	9	1.20 A	202	2.40	–	–	Fl. 94.90
AHOLD C	Fl. 95	33	3.50	5	6 A	10	9	Fl. 94.80
AKZO C	Fl. 160	1089	5.70	149	7.40	10	9.50	Fl. 156.70
AKZO P	Fl. 150	448	2.80	61	6	13	7	Fl. 156.70
AMRO C	Fl. 85	271	2.60	57	3.70	57	4	Fl. 83.70
AMRO P	Fl. 85	72	3.90	3	4.40	–	–	Fl. 83.70
BUHRMANN-T C	Fl. 65	274	2.10	58	2.70	–	–	Fl. 63.20
BUHRMANN-T P	Fl. 60	1	1	150	2.40	–	–	Fl. 63.20
ELSEVIER C	Fl. 70	40	1	17	1.60	4	2.70	Fl. 66.70
GIST-BROC. C	Fl. 50	403	0.30	–	–	–	–	Fl. 38
GIST-BROC. P	Fl. 40	216	2.70 B	10	3.80	6	4.10	Fl. 38
HEINEKEN C	Fl. 150	78	6.10	8	8.50	–	–	Fl. 150
HEINEKEN P	Fl. 140	33	1.60	–	–	–	–	Fl. 150
HOOGOVENS C	Fl. 80	525	3	109	4.50	–	–	Fl. 75.90
HOOGOVENS P	Fl. 75	93	3.50	16	5.50	30	6.50	Fl. 75.90
KLM C	Fl. 45	520	2	351	3.40	51	3.90	Fl. 44.30
KLM P	Fl. 45	76	2.20	182	2.80	10	3.50	Fl. 44.30
KNP C	Fl. 50	362	2.70	71	3.50	8	4.60	Fl. 50.20
KNP P	Fl. 47.50	120	1.70	–	–	–	–	Fl. 50.20
NEDLLOYD C	Fl. 300	84	13.50	–	–	–	–	Fl. 294
NEDLLOYD P	Fl. 260	70	3.70	9	9.10	–	–	Fl. 294
NAT.NED. C	Fl. 70	251	2.10	244	2.90	12	3.50	Fl. 68.40
NAT.NED. P	Fl. 65	50	1	202	2.20	–	–	Fl. 68.40
PHILIPS C	Fl. 35	859	3	142	3.30 A	150	4.10	Fl. 36.80
PHILIPS P	Fl. 40	69	4.60	106	4.80	54	4.90	Fl. 36.80
ROYAL DUTCH C	Fl. 125	881	3.70 B	102	4.70	–	–	Fl. 125.40
ROYAL DUTCH P	Fl. 120	1503	1	16	3.50	–	–	Fl. 125.40
UNILEVER C	Fl. 130	1834	6.10	132	7.20 B	15	9.50	Fl. 132
UNILEVER P	Fl. 120	314	0.70 B	176	2.70	–	–	Fl. 132
VAN OMMEREN C	Fl. 40	49	1	14	1.30	20	2.30	Fl. 36.50
WESSANEN C	Fl. 90	67	1.60	35	3.10	2	3.50	Fl. 84.70

TOTAL VOLUME IN CONTRACTS : 46,471

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	13	Clydesdale Bank	13	NatWestminster	13
Adam & Company	13	Comm. Bk. N. East	13	Northern Bank Ltd	13
AAB - Allied Arab Bk	13	Co-operative Bank	*13	Norwich Gen. Trust	13
Allied Irish Bank	13	Coutts & Co	13	PRIVATbanken Limited	13
● Henry Ansbacher	13	Cyprus Popular Bk	13	Provincial Bank PLC	14
ANZ Banking Group	13	Dunbar Bank PLC	13	R. Raphael & Sons	13
Associates Cap Corp	12	Duncan Lawrie	13	Roxburghe G'rantee	13½
Authority Bank	13	Equatorial Bank plc	13	Royal Bk of Scotland	13
● B & C Merchant Bank	13	Exeter Trust Ltd	13½	Royal Trust Bank	13
Bank of Baroda	13	Financial & Gen. Bank	13	● Smith & Williamson Secs.	13
Banco Bilbao Vizcaya	13	First National Bank Plc.	14	Standard Chartered	13
Bank Hapoalim	13	● Robert Fleming & Co.	13	TSB	13
Bank Credit & Comm	13	Robert Fraser & Ptnrs.	13½	United Bk of Kuwait	13
Bank of Cyprus	13	Girobank	13	United Mizrahi Bank	13
Bank of Ireland	13	● Guinness Mahon	13	Unity Trust Bank Plc	13
Bank of India	13	HFC Bank plc	13	Western Trust	13
Bank of Scotland	13	● Hambros Bank	13	Westpac Bank Corp.	13
Banque Belge Ltd	13	Heritable & Gen Inv Bnk	13	Whiteaway Laidlaw	13½
Barclays Bank	13	● Hill Samuel	§13	Yorkshire Bank	13
Benchmark Bank PLC	13	C. Hoare & Co.	13		
Berliner Bank AG	13	Hongkong & Shangh	13		
Brit Bk of Mid East	13	● Leopold Joseph & Sons	13		
● Brown Shipley	13	Lloyds Bank	13		
Business Mtge Tst	13½	Meghraj Bank Ltd	13		
CL Bank Nederland	13	McDonnell Douglas Bnk	13		
Central Capital	13	Midland Bank	13		
● Charterhouse Bank	13	Mortgage Express Ltd.	‡13.95		
Citibank NA	13	Mount Banking Corp.	13		
City Merchants Bank	13	Nat Bk. of Kuwait	13		

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EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Jan 27 1989 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Thu Jan 26 Index No.	Wed Jan 25 Index No.	Tue Jan 24 Index No.	Year ago (approx) Index No.	1988/89 High	1988/89 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (208)	886.62	+2.4	10.57	4.02	11.60	0.32	866.19	857.43	857.06	748.42	886.62 27/1/89	786.00 0/2/88	1038.07 16/7/87	50.71 13/12/74
2 Building Materials (28)	1110.59	+2.3	11.47	4.10	10.73	0.60	1085.63	1080.47	1074.30	997.22	1110.59 27/1/89	900.82 9/12/88	1381.00 16/7/87	44.27 11/12/74
3 Contracting, Construction (39)	1637.23	+2.0	12.18	3.73	10.77	0.00	1605.07	1601.77	1624.75	1409.68	1637.23 27/1/89	1385.83 4/1/88	1951.50 16/7/87	71.48 2/12/74
4 Electricals (10)	2579.80	+2.9	8.39	4.37	14.37	0.00	2507.40	2486.13	2482.05	2078.54	2579.80 27/1/89	1946.87 6/4/88	2733.45 20/7/87	84.71 25/6/62
5 Electronics (30)	2023.42	+1.9	9.26	3.23	13.97	0.00	1986.04	1946.81	1938.62	1517.70	2023.42 27/1/89	1423.66 9/2/88	2236.70 17/7/87	1229.01 8/10/85
6 Mechanical Engineering (55)	464.78	+2.7	10.25	4.03	11.87	0.03	452.51	449.84	449.89	390.66	464.78 27/1/89	367.20 8/2/88	544.57 14/10/87	45.43 5/1/75
8 Metals and Metal Forming (7)	506.03	+3.0	15.16	5.82	7.45	0.00	491.42	487.94	489.30	442.64	516.28 8/11/88	424.40 19/2/88	596.67 9/10/87	49.65 6/1/75
9 Motors (17)	295.49	+2.8	11.15	4.48	10.41	0.00	287.45	284.87	284.34	278.72	295.49 27/1/89	254.09 12/12/88	411.42 13/10/87	19.91 6/1/75
10 Other Industrial Materials (22)	1498.82	+2.4	9.24	4.22	12.84	3.28	1456.29	1436.91	1435.77	1250.93	1498.82 27/1/89	1391.81 8/2/88	1736.80 22/9/87	277.55 15/1/81
21 CONSUMER GROUP (186)	1142.32	+2.3	9.20	3.68	13.77	0.67	1116.77	1103.55	1107.22	1053.45	1142.32 27/1/89	909.31 14/12/88	1486.32 16/7/87	61.41 13/12/74
22 Brewers and Distillers (22)	1236.94	+1.4	10.30	3.60	12.13	0.00	1220.41	1215.83	1212.16	996.11	1236.94 27/1/89	951.87 8/2/88	1269.35 16/7/87	69.47 13/12/74
25 Food Manufacturing (22)	1028.74	+1.5	8.93	3.74	14.03	1.34	1013.69	990.70	996.27	862.23	1028.74 27/1/89	803.48 6/4/88	1092.25 16/7/87	59.67 13/12/74
26 Food Retailing (15)	2039.61	+2.7	8.09	3.44	14.00	4.84	1986.61	1942.08	1955.01	2087.33	2179.42 10/3/88	1723.24 15/12/88	2649.96 16/7/87	54.25 11/12/74
27 Health and Household (13)	2013.66	+2.6	6.66	2.69	17.20	0.20	1962.19	1946.75	1967.73	1835.82	2013.66 27/1/89	1700.33 13/1/88	2699.85 16/7/87	175.38 28/5/80
29 Leisure (33)	1500.53	+2.1	8.08	3.48	15.65	0.00	1470.06	1447.35	1453.17	1216.83	1500.53 27/1/89	1142.19 4/1/88	1584.79 13/10/87	54.83 9/1/75
31 Packaging & Paper (17)	581.99	+1.6	9.58	3.94	12.58	0.26	572.71	567.64	569.02	501.83	581.99 27/1/89	473.11 6/4/88	739.48 16/7/87	43.46 6/1/75
32 Publishing & Printing (18)	3613.83	+2.4	8.70	4.35	14.40	2.12	3529.64	3479.20	3481.28	3490.70	3647.52 8/8/88	3091.72 14/12/88	5070.66 5/10/87	55.08 6/1/75
34 Stores (33)	775.42	+3.5	10.95	4.45	12.02	0.29	749.14	744.12	742.77	850.92	859.85 28/1/88	658.79 9/12/88	1360.58 29/7/87	52.63 6/1/75
35 Textiles (14)	514.92	+3.0	15.52	5.52	8.05	0.00	500.15	500.90	501.66	583.78	620.72 27/4/88	432.61 14/12/88	914.52 2/10/87	62.66 11/12/74
40 OTHER GROUPS (93)	1009.98	+2.7	10.20	4.27	12.02	0.07	983.21	971.05	967.71	879.78	1009.90 27/1/89	834.42 0/1/88	1392.49 0/10/87	38.63 6/1/75
41 Agencies (18)	1186.96	+1.4	8.09	2.48	15.60	0.00	1170.18	1170.08	1159.25	1104.09	1219.02 10/3/88	994.91 12/12/88	1795.57 17/7/87	870.35 4/12/87
42 Chemicals (22)	1149.57	+2.5	11.15	4.59	10.80	0.23	1121.65	1113.18	1108.90	1058.68	1149.57 27/1/89	971.71 5/4/88	1545.44 5/10/87	71.20 1/12/74
43 Conglomerates (12)	1397.72	+2.7	9.79	5.28	12.00	0.00	1360.59	1344.26	1349.99	1181.05	1397.72 27/1/89	1095.37 4/1/88	1547.81 8/10/87	975.19 18/11/87
45 Shipping and Transport (12)	2117.65	+2.6	9.39	3.94	13.92	0.00	2064.19	2043.57	2041.00	1868.19	2117.65 27/1/89	1718.96 4/1/88	2497.05 16/7/87	90.80 29/6/62
47 Telephone Networks (2)	1106.55	+3.5	10.61	4.24	12.25	0.00	1069.28	1068.80	1053.45	941.69	1106.55 27/1/89	880.24 12/1/88	1274.14 9/6/87	517.92 30/11/84
48 Miscellaneous (27)	1383.24	+2.3	10.24	3.94	11.11	0.27	1352.16	1316.55	1304.65	1170.65	1383.24 27/1/89	1096.28 19/5/88	1773.70 5/10/87	60.39 6/7/75
49 INDUSTRIAL GROUP (487)	1057.32	+2.4	9.83	3.94	12.60	0.40	1032.28	1028.70	1020.85	937.38	1057.32 27/1/89	887.00 8/2/88	1260.06 16/7/87	59.01 13/12/74
51 Oil & Gas (13)	1903.82	+1.5	9.69	5.83	13.20	0.00	1875.91	1867.28	1869.88	1784.23	1903.82 27/1/89	1641.40 9/9/88	2458.60 16/7/87	87.23 29/5/62
59 500 SHARE INDEX (500)	1129.38	+2.3	9.80	4.19	12.68	0.37	1104.02	1092.64	1092.99	1009.17	1129.38 27/1/89	958.79 5/2/88	1369.00 16/7/87	63.49 13/12/74
61 FINANCIAL GROUP (126)	741.91	+2.4	–	4.81	–	0.15	724.80	717.98	719.99	663.94	741.91 27/1/89	630.02 8/2/88	896.47 13/10/87	55.88 13/12/74
62 Banks (8)	740.61	+2.9	19.35	5.91	6.93	0.00	719.86	713.53	712.85	667.51	740.61 27/1/89	610.26 7/4/88	890.30 16/7/87	62.44 12/12/74
65 Insurance (Life) (8)	1048.88	+3.1	–	5.14	–	0.00	1017.26	1015.93	1034.61	1008.12	1090.17 1/8/88	906.06 14/12/88	1285.72 9/10/87	44.88 2/1/75
66 Insurance (Composite) (7)	585.44	+2.6	–	5.34	–	0.00	570.62	567.38	571.46	517.73	585.44 27/1/89	481.43 8/2/88	707.58 13/10/87	43.96 13/12/74
67 Insurance (Brokers) (7)	1006.08	+2.0	8.70	6.46	14.36	0.00	986.56	969.14	974.08	901.78	1022.51 27/6/88	825.41 6/4/88	1399.56 17/7/87	65.86 16/12/74
68 Merchant Banks (11)	336.29	+1.7	–	4.46	–	0.00	330.80	331.74	331.10	352.40	378.23 9/6/88	309.02 13/12/88	547.59 12/10/87	31.21 7/1/75
69 Property (53)	1299.29	+1.5	5.58	2.59	22.85	0.05	1279.47	1255.77	1257.70	1031.59	1318.34 23/11/88	975.44 4/1/88	1374.86 16/7/87	56.01 20/4/65
70 Other Financial (32)	378.73	+1.8	9.21	5.31	13.55	0.06	371.90	369.86	368.01	390.45	401.37 22/3/88	340.50 14/12/88	603.48 16/7/87	33.29 17/12/74
71 Investment Trusts (76)	1043.24	+3.3	–	2.92	–	0.51	1010.02	1003.87	1002.08	948.69	1043.24 27/1/89	784.91 4/1/88	1207.98 5/10/87	71.13 13/12/74
81 Mining Finance (2)	622.99	+1.2	9.81	3.36	11.36	0.00	615.54	616.14	611.32	419.82	622.99 27/1/89	385.04 0/2/88	727.93 3/8/87	66.31 30/9/74
91 Overseas Traders (8)	1393.78	+1.9	8.97	4.79	12.93	0.00	1367.94	1339.76	1334.01	1031.06	1447.77 7/11/88	969.08 4/1/88	1447.77 7/11/88	97.37 6/1/75
99 ALL-SHARE INDEX (712)	1034.11	+2.3	–	4.24	–	0.31	1010.78	1000.63	1001.08	915.84	1034.11 27/1/89	878.19 8/2/88	1238.57 16/7/87	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jan 26	Jan 25	Jan 24	Jan 23	Jan 20	Year ago	1988/89 High	1988/89 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2005.9	+46.1	2017.4	1965.3	1959.8	1939.0	1941.1	1924.7	1917.5	1790.8	2443.4 16/7/87	1565.2 9/11/87	2443.4 16/7/87	986.9 23/7/84

FIXED INTEREST

PRICE INDICES	Fri Jan 27	Day's change %	Thu Jan 26	xd adj. today	xd adj. 1989 to date
British Government					
1 5 years	119.30	+0.29	118.96	–	2.20
2 5-15 years	136.74	+0.57	135.97	–	1.35
3 Over 15 years	151.11	+0.65	150.13	–	0.00
4 Irredeemables	173.21	+0.84	171.76	–	0.00
5 All stocks	134.17	+0.50	133.51	–	1.15
Index-Linked					
6 5 years	131.54	+0.19	131.29	–	0.00
7 Over 5 years	129.15	+0.43	128.59	–	0.42
8 All stocks	129.16	+0.42	128.61	–	0.38
9 Debentures & Loans	117.00	+0.22	116.74	–	0.26
10 Preference	88.79	+0.02	88.77	–	0.17

AVERAGE GROSS REDEMPTION YIELDS		Fri Jan 27	Thu Jan 26	Year ago (approx.)	1988/89 High	1988/89 Low
British Government						
1 Low	5 years	9.13	9.17	8.71	10.54 14/12/88	8.38 18/4/88
2 Coupons	15 years	8.88	8.92	9.21	9.83 13/1/88	8.88 27/1/89
3	25 years	8.80	8.85	9.12	9.57 13/1/88	8.80 27/1/89
4 Medium	5 years	10.04	10.14	9.26	10.94 14/12/88	8.75 18/4/88
5 Coupons	15 years	9.31	9.39	9.42	10.01 13/1/88	9.12 15/3/88
6	25 years	8.97	9.04	9.32	9.79 13/1/88	8.97 27/1/89
7 High	5 years	10.29	10.39	9.33	11.06 14/12/88	8.84 18/4/88
8 Coupons	15 years	9.46	9.54	9.56	10.16 13/1/88	9.26 15/3/88
9	25 years	8.99	9.07	9.33	9.82 13/1/88	8.99 27/1/89
10 Irredeemables†		8.81	8.87	9.06	10.09 2/9/88	8.65 18/4/88
Index-Linked						
11 Inflation rate 5%	5yrs.	3.54	3.59	2.36	3.87 4/1/89	2.09 30/3/88
12 Inflation rate 5%	Over 5 yrs.	3.66	3.68	3.94	4.27 13/1/88	3.53 0/11/88
13 Inflation rate 10%	5 yrs.	2.68	2.71	1.42	3.59 13/1/88	1.09 30/3/88
14 Inflation rate 10%	Over 5 yrs.	3.49	3.51	3.77	4.37 13/1/88	3.37 0/11/88
15 Debs &	5 years	11.63	11.65	10.81	11.82 28/9/88	10.16 24/5/88
16 Loans	15 years	11.30	11.32	10.76	11.41 28/9/88	10.51 19/4/88
17	25 years	10.97	11.00	10.76	11.21 2/9/88	10.51 19/4/88
18 Preference†		10.13	10.13	10.40	10.84 4/1/88	9.54 22/6/88

‡Opening index 1965.3; 10 am 1973.0; 11 am 1977.2; Noon 1992.3; 1 pm 1996.1; 2 pm 2007.1; 3 pm 2008.2; 4 pm 2008.5; 4.05 pm 2009.1 (a) 3.37pm (b) 9.00am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

CONSTITUENT CHANGES: Corah (35) and Underwoods (34) have been deleted. TV-am (29) and Hawthorn Leslie Group (48) have been inserted.

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INTERNATIONAL COMPANIES AND FINANCE

NZ monitors Equiticorp UK probe

By Dai Hayward in Wellington

RECEIVERS appointed by the New Zealand Government at Equiticorp International have sent a solicitor to London for talks with UK officials investigating the company'a share dealings.

Mr Fred Watson of Peat Marwick, who heads the team of accountants and lawyers trying to disentangle the interlocking Equiticorp operations, said in Auckland yesterday the solicitor would also seek to protect New Zealand assets in the UK. He would "monitor and hopefully influence developments in the Guinness Peat and Guinness Mahon investment."

Mr Watson told a press conference it would take et least a year and probably two years for the statutory receivers to unravel Equiticorp's New Zealand affairs, and any resulting litigation would extend the period much further.

A week after Equiticorp'a collapse, the receivers remain unclear on the size of its losses or debts. In November the company appeared to have NZ$1.5bn (US$ 914.6m) in domestic assets and more than NZ$1bn in debts, said Mr Wetson. Howaver, these figures could change as the investigation continues.

Mr Allan Hawkins, Equiticorp chairman, has returned to New Zealand and has had discussions with the receivers.

Capitalcorp International, the company'a listed Hong Kong offshoot, announced yesterday that it would also go into liquidation. An official of Capltalcorp, which is 76 per cent owned by Equiticorp, said the company was unahle to meet demands by its creditors for repayments of loans.

Meanwhile, Bank of New Zealand, the leading local commercial bank, has narrowly avoided e clash with the country's stock exchange anthorities because of their request that New Zealand quoted companies ahould reveal their exposure to Equiticorp.

Mr Rob Campbell, the bank's acting chairman, said BNZ refused to breach client confidentiality. But it did admit it would have to maka ovarall provisions for about another NZ$200m for bad debts in the second half of the current financial year, ending on March 31. This is in addition to a NZ$188.4m provision for the first six months.

The bank said they latest provisions were due to "tough economic conditions" affecting the viability of many New Zealand businesses.

Mr Robert Wilson, Wellington Stock Exchange president, said the exchange was satisfied with BNZ'a statement.

Other banks have already revealed the extent of their loans to Equiticorp. ANZ Bank put its involvement at around A$100m. DFC, the Naw Zealand finance group, is making provisions of $NZ13m to cover its exposure to Equiticorp and to other clients who might be affected by the collapse.

Elders Finance, part of the Australian Elders IXL group, has a NZ$113m exposure secured by assets.

The security is linked to NZ Steel, the privatised steelmaker of which Equiticorp owns 80 per cent.

The debt due to Elders has given rise to speculation that the group, which has previously expressed interest in NZ Steel, might now make a bid for it.

Mr John Elliott, Elders chairman, said in Melbourne yesterday: "There are three or four potential purchasers of the NZ Steel business."

Mr Watson and his team are now investigating 146 Equiticorp companies. Mr Geoffrey Palmer, New Zealand Justice Minister, on Tursday added another 47 companies to the original 99 whose assets were frozen. Many of the companies, which include 47 based overseas with assets in New Zealand, are not operating or exist in name only.

French SE bible set to change hands

By George Graham in Paris

THE COTE DESFOSSES, one of the bibles of the French stock market, is on the point of changing hands.

Mr Jean Chamboulive, chairman and majority shareholder of the daily stock market newspaper, is to sell his group to a consortinm of institutional investors led by Initiative et Finances, a specialist in buy-outs.

The Cote, which prints over 28,000 copies e day and claims an average of 6.5 readers per copy, carries the most complete listings of French share prices and stock market announcements.

"It is essential for prices, if yon want to get hold of them the same evening. It is the only place to look for all the really small stocks," commented one Paris stockbroker.

In addition, the paper has a thriving electronic information service on the French Minitel teletext system. With 1.2m calls in October, Cote Desfossés was the most consulted service on Minitel.

Bestdes Initiatlve et Finances, the main investors are the UK's Prudential, La Mondiale, a French insurer, Sofipa, a snbsidiary of oil major Elf Aquitaine, and Mr Georges Ghosn, investing in his personal capacity.

"Cote Desfossés is a pearl," Mr Ghosn said yesterday.

The huyers and Mr Chamboulive do not apear to be in complete agreement over whether he should continne to run the Cote. Mr Chamboulive himself, however, aaid last night that his continued presence was a condition of the sale.

"All the big press groups are going to spend the next few years beating each other np. I thought it was better to stay out of the fight and carry on my own little way, with a group of institutional investors who will leave me in peace," he said.

Postel joins in FFr1.99bn prime Paris property deal

By George Graham

BOUYGUES. the Franch construction group, has agreed to sell the Au Trois Quartiers department store huilding, one of the choicest sites in central Paris, to two foreign investors.

Meiji Life, the Japanese insurance company, and Postel, the pension fund of the British post office workers, are to pay an estimeted FFr1.99bn ($317.4m) for the huilding on Paris's Place de la Madeleine.

Bouygues said the sale would he completed within three months and that the Au Trois Quartiers department store would close at the end of the year. Some of the staff will be taken on at tha nearby Madelios menswear store, a Bouygues subsidiary.

Real estate experts in Paris said the price, believed to be around FFr80,000 to FFr85,000 per square metre, is high, but that the Au Trois Quartiers huilding is an exceptional property, and the Madaleine district is one of the most expensive in Paris.

A less prestigious site in the nearby rue d'Astorg is thought to have had difficulty fetching more than FFr65,000 a square metre recently.

Postel is already a major Parisian property owner with the Louvre des Antiquaires, a mix of office space and antique shops on the rue de Rivoli, just opposite the Louvre museum.

Bouygues began to buy up shares in the Au Trois Quartiers company in October 1986, paying FFr300m for a 58 per cent stake from the retailing group Primisteres. After a legal battle over the correct valuation of the store property, Bouygues bought out the minority shareholders and invested an estimated FFr650m in refurbishing the building.

The construction company's capital gain on the property is estimated at around FFr700m.

Reichmanns eye BCE unit

By David Owen in Toronto

OLYMP1A & YORK Developments, the Canadian property and resources group, is in discussions with BCE, the Montreal-based holding company, and BCE Development (BCED), its 67 per cent-owned property arm, over proposals which could result in O&Y becoming a large indirect shareholder in BCED.

The deal would significantly expand the already enormous holdings in the North American property sector for O&Y, which is best known in Europe for the Canary Wharf development in London.

BCED has assets of C$2.7bn (US$2.28hn). 1t is active in main centres of Canada and the US, notably Chicago, Minneapolis and Denver.

The plan would give O&Y, the principal corporate vehicle of Toronto's Reichmann family, 49.9 per cent of a BCE subsidiary which would in turn control BCED. The proposal would give a C$225m equity infuaion for BCED, which ahould benefit from O&Y's property expertise.

The announcement comes at a time when the BCE parent appears to be reassessing aspects of its corporate structure. Writedowns reduced net income for the year just ended by 18 per cent to C$887m.

In early 1985 the then Bell Canada Enterprises acquired control of BCED, itself formerly called Daon Development Corporation.

O&Y owns 22 per cent of Campean (on a fully diluted basis), 19 per cent of Chicago-hased Santa Fe Southern Pacific, 100 per cent of Block Brothers, and 50 per cent of Carena Properties, which in turn controls Trizec and Bramalea.

RTZ to sell Pasminco share allocation

By Chris Sherwell in Sydney

RTZ, the British minerals group, has decided to sell to a six-member Japanese consortium its allocation of shares in the flotation of Pasminco, the lead and zinc giant formed by the two Australian resources groups, CRA and North Broken Hill Peko.

An announcement in London and Melbourne yesterday said 31m to 34m Pasminco shares, representing between 4.3 per cent and 4.8 per cent of the company, would be sold at A$1.65 each – 20 cents above the issue price – to Mitsui Mining and Smelting, the leader of a consortium of Japanese interests which also includes Nippon Mining, Sumitomo Metal Mining, Mitsubishi Metal Corporation, Dowa Mining and Toho Zinc.

CRA and North Broken Hill currently own 50 per cent each of Pasminco, hut in a A$203m (US$) equity issue are floating off 20 per cent, or around 140m shares, to the public, with priority given to their shareholders. RTZ's allocation springs from its 49 per cent holding in CRA, and the size of the Japanese transaction depends on the extent to which the issue is subscribed.

According to the 144-page Pasminco prospectus issned earlier this month, an independent valuation gives a market value for Pasminco ranging from A$1.41 to A$2.12 a share and foresees net profits for 1988-89 ranging from A$129m to A$161m.

The group's mines are reckoned to produce 9 per cent of the Western world'a lead concentrates and 7 per cent of its zinc concentrates. Its smelters produce 7 per cent of the West'a lead metal and 10 per cent of zinc metal.

But with its proposed capital spending programme, Pasminco's production is expected to rise still further. The group expects to spend some A$760m over the next five years, and the figure may reach more than A$1bn. Most of this will be financed internally.

Savings are meanwhila expected from transporting concentrate to group smelters, from marketing and from rationalisation at the Broken Hill mine. The gains are estimated at A$3.6m in 1988-89, rising to A$25m hy 1991-92.

● Western Mining said yesterday it would accept the A$385m bid by Normandy Resources for Poseidon, the Australian gold explorer, in respect of its 5.74 per cent stake, Reuter reports from Melbourne.

Banco di Roma seeks $741m

By Alan Friedman in Milan

BANCO DI ROMA, the smallest and most undercapitalised of the three commercial banks controlled by the IRI state holding group, is to raise around L1,000bn ($741m) by way of a two-tranche rights issue.

The equity financing, which is huge by Italian standards, is expected to begin this spring and be concluded next year.

It will be used to raise the bank's capital ratio from the current 5.7 per cent to around 8 per cent, the level which is needed to conform with the capital adequacy guidelines set down hy the Italian central bank.

The IRI state holding group, Banco di Roma's majority shareholder, is expected to raise the funds needed to subscribe its portion of the rights issue by disposing of another subsidiary – the Banco di Santo Spirito – to the Cassa di Risparmio di Roma for around L700bn.

The 390-branch Banco di Roma, Italy's sixth ranking hank, recorded a hreak-even result in 1987 following a L75bn net profit in 1986. The hank's present net aquity is L1,580bn. It employs a staff of more than 14,000.

At September last, Banco di Roma had a total loan book of L42,754bn and total deposits of L50,883bn.

Perstorp ahead by 20% after first four months

By Sara Webb in Stockholm

PERSTORP, the Swedish specialty chemicals and plastics group, reports profits after financial items of SKr210m ($33.4m) for the first fonr months of the year ending August, 1989, an increase of 20 per cent on the previous year's figure of SKr175m.

Operating profits increased by 31 per cent to SKr310m while sales jumped 25 per cent to SKr2.004bn.

The group said that the increase in profits stemmed from the use of a more profitable prodnct mix, acquisitions and its investment programme aimed at improving productivity and increasing production capacity.

The strongest increases in sales, said the company, came from the components, plastic products, surface materials and biotechnology divisions, although nearly all divisions reported higher sales.

The company plans to raise some SKr450m from two share issues directed at domestic and international investors. The new shares will be the so-called class B unrestricted shares (which are available to foreign investors hnt carry lower voting powers). Perstorp said it wants to increase the proportion of unrestricted shares from 10 per cent to 21 per cent of its market capitalisation in order to improve the liquidity of its shares overseas.

The group recently signed an agreement with the Siam Steel Group to set up a joint company manufacturing decorative laminates in Thailand with an initial annnal turnover of around SKr50m.

McDonnell earnings soar 56% in fourth quarter

By Our Financial Staff

McDONNELL DOUGLAS has reported a 56% increase in fourth-quarter operating profits to $145m on turnover up from $3.66bn to $4.34bn. Per share earnings rose to $3.79 from $2.32.

Lower costs and improved performance in the combat aircraft, and space systems and missiles divisions were the main factora responsible for the increase, says the company. Revenne growth was due mainly to increased deliveries of commercial jetliners.

The combat aircraft division performed strongly because of lower production costs. McDonnell says it has sorted out most of the difficulties it had in 1987 connected with the production of new models of the F-15 and F/A18 aircraft. It is still hampered however by expensive development work on the Advanced Tactical Fighter.

The space systems and missiles division increased earnings as a result of the improved performance of programmes inclnding the Tomahawk Cruise Missile.

McDonnell's information systems unit had a negative effect on the overall quarterly results. Restrncturing of operations in this division led to higher costs and increased losseo compared with the fourth quarter of 1987. Results in this segment inclnde a pre-tax gain of $48m from the sale of Vitek Systems, a part of its Health Systems Company.

Earnings for 1988 as a whole were $350m or $9.13 a ohare on revenues of $15.07bn, compared with $313m or $7.75 on $13.67bn sales in 1987.

Tractebel buys US media stake

TRACTEBEL, Belginm's diversified energy, telecommunications and media gronp, has paid $30m. for a 20 per cent stake in Act 111 Communications, the Los Angeles based leisure and communications concern, writes Tim Dickson in Brussels.

The deal represents Tractebel's first media investment in the US and is in line with its new strategy for the sector of concentrating on the North American market. Tractebel said that the company is actively looking for other media investments in the US.

Banca della Svizzera to repeat payout

By John Wicks in Zurich

BANCA DELLA Svizzera Italiana (BSI), Switzerland's sixth largest bank and a unit of Unigestion, proposes to pay unchanged dividend of 14 per cent for 1988. Net profits for the year rose by 2.6 per cent to SFr47m ($30m).

This excludes extraordinary profits of SFr19m from the takeover last year of Geneva-based Banque Romande, bringing total gross profits to SFr96m, up 7.7 per cent from SFr89m in 1987.

At tha same time, the balance sheet total went up 20.2 per cent to SFr7.92bn.

Net profits of BZ Bank Zurich rose by 9.2 per cent from SFr15.5m to SFr16.9m. An initial dividend of SFr20 a share is to be paid to the sole shareholder, the recently-formed BZ Group Holding, and an unchanged SFr15m trasferred to reserves.

Tha bank, a specialist in the brokarage of Swiss equities, has total assets of SFr318m and reported equity, after distribution of net income, of SFr65m.

BZ Bank is to list four series of covered warrants on the Znrich, Basle and Geneva stock exchanges. These bearer warrants give the option to buy registered shares in various leading Swiss companies.

The issue includes 137,500 warrants for a basket of three pharmaceutical companies shares, 43,000 warrants against a basket of four equities (Swiss Bank Corporation, Nestlé, Sandoz and Znrich Insurance), 150,000 for Ciba-Geigy shares and 50,000 for shares of Nestlé.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1988/89	Low 1988/89
Gold per troy oz.	$399.25	-6.00	$456.25	$485.5	$394.75
Silver Per troy oz	343.80p	+4.15	389.65p	457.75p	328.4p
Aluminium 99.7% (cash)	$2330	-27.5	$1940	$4205	$1815
Copper Grade A (cash)	£1818.5	+53.5	£1347	£2004	£1129.5
Lead(cash)	£375.5		£388	£408	£328
Nickel (cash)	$18400	-25	£4800	$22200	£4022.5
Zinc (cash)	$1879	+121.5	£498	$1879	$850
Tin (cash)	£4345	+20	£3850	£4540	£3625
Cocoa Futures (May)	£869	+4	£1089	£1182	£722
Coffee Futures (Mar)	£1178	-15	£1210	£1317	£922
Sugar (LDP Raw)	$235.8	-14.2	$255.8	$393	$213.6
Barley Futures (May)	£111.25	-0.10	£108.15	£112.15	£97.25
Wheat Futures (May)	£116.05	+1.55	£111.80	£118.0	£103.35
Cotton Outlook A Index	63.85	+0.05	69.05c	75.3c	54.9c
Wool (645 Super)	660p	-20	523p	710p	484p
Rubber (Spot)	62.0p	+1.0	63p	88p	51p
Oil (Brent Blend)	$17.175	-0.625	$16.25	$17.80	$11.25

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb y-Feb.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$14.45-4.55z	-0.25
Brent Blend	$17.15-7.20w	-.375
W.T.I. (1 pm est)	$17.75-7.80z	-0.37
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$184-186	+2
Gas Oil	$144-145	-3.5
Heavy Fuel Oil	$72-74	-1
Naphtha	$159-161	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$399.25	-6.78
Silver (per troy oz)♣	606c	-11
Platinum (per troy oz)	$527.25	-12.50
Palladium (per troy oz)	$137.75	-2.00
Aluminium (free market)	$2345	-30
Copper (US Producer)	160⅝-163c	-⅞
Lead (US Producer)	40c	
Nickel (free market)	840c	-10
Tin (European free market)	£4345	+15
Tin (Kuala Lumpur market)	20.42r	
Tin (New York)	350.6c	-1.25
Zinc (US Prime Western)	76¾c	
Cattle (live weight)†	100.49p	+0.48*
Sheep (dead weight)†	144.23p	-4.29*
Pigs (live weight)†	78.29p	+2.44*
London daily sugar (raw)	$235.8x	-3.8
London daily sugar (white)	$276.8	-1.2
Tate and Lyle export price	£241.0	-2.0
Barley (English feed)	£114w	-1
Maize (US No. 3 yellow)	£133.5w	
Wheat (US Dark Northern)	£124.2v	+1.2
Rubber (spot)♥	62.00p	-2.00
Rubber (Mar)♥	71.75p	+0.25
Rubber (Apr)♥	72.25p	+0.25
Rubber (KL RSS No 1 Feb)	315.5m	+0.5
Coconut oil (Philippines)§	$540x	+5
Palm Oil (Malaysian)§	$405w	
Copra (Philippines)§	$350	
Soyabeans (US)	$184	+1
Cotton "A" index	63.85c	+0.55
Wooltops (64s Super)	660p	-20

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. z-Mar. w-Feb. v-Apr/May. u-Feb/Apr. q-Apr. x-Feb/Mar. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
Mar	862	850	869 850
May	869	860	878 858
Jul	852	846	855 845
Sep	851	845	855 842
Dec	863	865	864 854
Mar	869	860	870 865
May	879	870	079 873

Turnover:4133 (3049) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jan 26: 1105.96 (1097.74):10 day average for Jan 27: 1071.26 (1064.02).

COFFEE £/tonne

	Close	Previous	High/Low
Jan	1193	1193	1221 1195
Mar	1178	1172	1208 1178
May	1142	1144	1175 1140
Jly	1130	1130	1158 1125
Sep	1136	1125	1142 1140
Nov	1142	1120	1136 1118
Jan	1145	1126	1136 1130

Turnover:5106 (3200) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jan 26: Comp. daily 128.88 (122.34); . 15 day average 125.43 (126.35).

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
Mar	215.40	210.60	210.80 209.60
May	219.00	216.00	220.60 215.80
Aug	218.60	215.80	219.80 215.40
Oct	219.00	216.00	219.80 215.00
Dec	216.00	214.00	212.00
White	**Close**	**Previous**	**High/Low**
Mar	275.80	271.00	275.00 270.00
May	267.00	262.50	266.00 262.00
Aug	267.00	262.50	263.00 262.00
Oct	261.00	256.50	256.50

Turnover: Raw 4034 (2229) lots of 00 tonnes. White 1136 (1710).
Paris- White (FFr per tonne): Mar 1731, May 1690, Aug 1815, Oct 1645, Dec 1620, Mar 1610

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls Mar	Calls May	Puts Mar	Puts May
Strike price $ tonne	Mar	May	Mar	May
2200	165	171	27	92
2300	100	121	60	139
2400	54	83	113	199
Copper (Grade A)	**Calls**		**Puts**	
3000	343	295	30	159
3200	201	199	85	258
3400	102	129	184	383

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 9,250 tonne
Cash	2325-35	2355-60		2343-7		
3 months	2300-5	2325-30	2336/2295	2320-2	2295-300	23,476 lots
Copper, Grade A (£ per tonne)						Ring turnover 27,525 tonne
Cash	1916-7	1882-4	1920/1910	1913-5		
3 months	1836-8	1791-2	1840/1825	1833-4	1830-1	64,666 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	600-3	611-2		603-5		
3 months	613-6	624-5		616-8		383 lots
Lead (£ per tonne)						Ring turnover 2,725 tonne
Cash	375-6	376-7	378	376-6.5		
3 months	378-9	377-8	380/378	378-8.5	378-9	9,583 lots
Nickel ($ per tonne)						Ring turnover 1,362 tonne
Cash	18300-500	18400-50	18600	18600-700		
3 months	17900-8000	18000-100	18250/17900	18200-50	18000-100	5,878 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 2,650 tonne
Cash	1965-70	1885-60	1960	1960-5		
3 months	1875-80	1835-40	1885/1860	1882-5	1875-85	3,567 lots
Zinc ($ per tonne)						Ring turnover 11,325 tonne
Cash	1878-80	1820-5	1880/1880	1880-5		
3 months	1818-20	1775-8	1820/1800	1809-10		12,094 lots

POTATOES £/tonne

	Close	Previous	High/Low
Apr	68.3	69.3	68.8 68.2
May	78.5	79.6	79.2 78.1
Nov	84.0		85.0

Turnover 78 (275) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Apr	165.50	164.50	166.00 165.50

Turnover 45 (83)lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
Jan	1621	1628	1628 1621
Feb	1578	1619	1610 1578
Apr	1621	1647	1638 1620
Jul	1427	1436	1435 1425
Oct	1555	1580	1555
Jan	1560	1590	1580 1560
BFI	1617	1633	

Turnover 571 (536)

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Mar	112.50	113.00	113.30 112.35
May	116.05	116.60	117.00 116.00
Jun	117.78	118.25	110.50 117.78
Sep	102.90	102.95	102.90
Nov	105.35	105.35	105.35
Jan	108.80	108.80	108.95 108.80
Barley	**Close**	**Previous**	**High/Low**
Mar	109.40	108.90	110.00 109.30
May	111.25	111.90	111.90 111.25
Sep	100.20	100.20	100.20
Nov	102.90	102.90	102.90

Turnover: Wheat 396 (419) , Barley 108 (159) .
Turnover lots of 100 tonnes.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	399-399½	226½-227
Opening	402½-403	228-228½
Morning fix	402.05	227.442
Afternoon fix	399.75	226.039
Day's high	402½-403	
Day's low	398½-399	

Coins	$ price	£ equivalent
Mapleleaf	411-415	233-236
Britannia	411-416	233-236
US Eagle	411-416	233-236
Angel	411-416	233-236
Krugerrand	398-401	226-228
New Sov.	94-95	53¼-54
Old Sov.	94-95	53¼-54
Noble Plat	539.75-548.75	305.80-310.90

Silver fix	p/fine oz	US cts equiv
Spot	343.80	606.20
3 months	354.45	621.85
6 months	365.60	637.25
12 months	385.90	668.80

CRUDE OIL $/barrel

	Close	Previous	High/Low
Mar	16.30	16.76	16.45 16.20
Apr	15.90	16.26	16.02 15.86
IPE Index	10.75	16.46	

Turnover: 4171 (4782)

GAS OIL $/tonne

	Close	Previous	High/Low
Feb	145.00	148.50	146.00 144.25
Mar	143.25	146.80	144.00 142.25
Apr	139.50	143.00	140.50 139.00
May	137.25	141.00	138.25 137.00
Jun	134.75	137.50	136.25 134.75
Jul	134.25	137.50	134.25

Turnover 7000 (8154) lots of 100 tonnes

US MARKETS

IN THE METALS, gold, silver and platinum futures all fell sharply as the doller continued to advance, reports Drexel Burnham Lambert. Trade and commission houses were strong sellers, breaking down support at the $400 level in February. Heavy fund selling sank silver futures below six dollars. Platinum prices also declined following the gold and silver markets. A short covering rally pushed copper by 310 in Merch. In the softs, cocoa prices were higher on mixed commission house and trade activity. Weekend short covering supported the sugar market. Producer selling sent coffee prices down over 350 points. Yesterdays friendly cattle on feed report prompted short covering in an oversold cattle market. Pork belly and hog futures were lower on weak fundamentals. In the grains, prices slipped in most markets in quiet trading. Weekend rains are due in parts of the south. Energy prices ended the week firm, but failed to regain the higher levels reached earlier in the week.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jan	398.1	403.0	0	0
Feb	396.1	403.2	403.7	394.0
Mar	398.0	405.2	0	0
Apr	400.2	407.6	408.2	398.5
Jun	405.2	412.9	413.5	403.0
Aug	410.5	418.5	419.0	411.0
Oct	416.0	424.2	420.8	417.0
Dec	421.5	429.9	428.5	421.5
Feb	396.1	403.2	403.7	394.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Feb	017.4	0	509.5	509.0
Apr	517.4	536.9	535.0	519.0
Jul	516.4	534.4	632.2	510.0
Oct	517.4	534.4	529.0	513.0
Jan	518.4	534.4	632.5	517.0
Apr	521.4	537.4	517.0	517.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jan	588.3	610.4	0	0
Feb	589.5	610.7	0	0
Mar	593.5	615.5	616.0	588.0
May	603.7	625.9	626.5	592.0
Jul	614.3	636.9	637.0	608.0
Sep	624.7	647.5	646.0	622.0
Dec	640.0	663.2	660.5	632.0
Jan	644.1	667.4	0	0
Mar	655.3	678.9	655.0	654.0
May	666.1	690.1	0	0

INDICES

REUTERS (Base: September 10 1931 = 100)

Jan 26	Jan 25	mnth ago	yr ago
1957.3	1968.2	1957.9	1773.9

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	140.78	140.26	142.85	132.24
Futures	142.26	141.98	146.36	133.38

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	154.25	157.65	159.10	153.50
Feb	150.75	148.15	0	0
Mar	147.25	144.15	147.50	144.00
May	136.60	134.10	137.20	134.60
Jul	130.80	128.86	131.30	128.75
Sep	126.10	124.60	125.26	125.20
Dec	121.40	120.35	121.60	120.50

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Mar	17.87	17.72	17.88	17.59
Apr	17.34	17.18	17.36	17.04
May	17.00	16.90	17.10	16.82
Jun	16.85	16.71	16.90	16.64
Jul	16.68	16.55	16.73	16.50
Aug	16.39	16.44	16.60	16.46
Sep	16.30	16.35	16.51	16.30
Oct	16.35	16.30	16.50	16.30
Nov	16.33	16.26	16.33	16.33
Dec	16.20	16.22	16.48	16.20

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Feb	5180	5087	5200	5090
Mar	4975	4886	4990	4885
Apr	4765	4676	4785	4680
Jun	4480	4425	4505	4430
Jul	4410	4380	4440	4380

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1486	1458	1508	1461
May	1446	1423	1469	1425
Jul	1422	1398	1429	1390
Sep	1408	1383	1415	1393
Dec	1398	1374	1404	1387
Mar	1408	1389	1406	1395
May	1423	1404	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	134.03	137.72	139.99	133.25
May	131.74	134.84	136.95	131.00
Jul	129.50	132.83	134.90	129.60
Sep	128.78	131.00	132.90	128.25
Dec	128.25	130.50	131.00	129.95
Mar	127.50	129.75	129.50	129.50
May	126.00	128.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	9.67	9.43	9.76	9.41
May	9.69	9.65	9.83	9.56
Jul	9.68	9.52	9.00	9.52
Oct	9.66	9.52	9.74	9.50
Jan	9.39	9.25	0	0
Mar	9.00	9.34	9.50	0.33
May	9.46	9.30	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	60.40	59.57	60.55	59.20
May	60.53	59.72	60.60	59.45
Jul	60.53	59.78	60.60	59.45
Oct	59.40	58.68	59.40	59.40
Dec	59.10	58.43	59.25	58.15
Mar	58.88	58.45	0	0
May	59.13	58.78	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	136.75	135.30	137.50	134.00
May	133.65	133.45	134.50	132.00
Jul	133.65	133.60	134.50	132.00
Sep	133.25	133.00	134.50	132.00
Nov	130.60	130.00	130.70	129.40
Jan	130.00	130.00	0	0
Mar	130.00	130.00	0	0
May	130.00	130.00	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	754/0	761/2	763/4	751/0
May	765/2	771/6	774/4	763/0
Jul	772/6	779/4	782/0	772/0
Aug	771/0	775/0	777/0	768/0
Sep	749/4	752/0	752/4	748/0
Nov	733/4	731/6	738/4	730/0
Jan	741/4	741/0	743/0	738/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	21.35	21.51	21.55	21.28
May	21.85	22.01	22.07	21.78
Jul	22.39	22.50	22.68	22.30
Aug	22.00	22.65	22.78	22.55
Sep	22.00	22.98	22.95	22.70
Oct	22.90	23.02	23.05	22.90
Dec	23.20	23.42	23.40	23.20
Jan	23.40	23.50	23.40	23.40

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	246.5	248.7	249.5	245.1
May	244.5	246.2	246.8	242.3
Jul	241.5	243.2	244.0	240.0
Aug	237.0	239.2	240.5	237.0
Sep	234.0	236.0	239.5	230.5
Oct	225.6	227.9	227.5	225.0
Dec	224.7	224.2	225.0	223.0
Jan	224.2	224.5	224.0	224.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	271/6	271/6	273/0	270/0
May	277/6	277/6	279/0	276/4
Jul	282/0	281/4	282/6	280/2
Sep	273/4	273/0	274/4	271/6
Dec	272/2	271/6	273/0	270/0
Mar	279/2	278/0	278/4	276/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	440/4	444/0	443/2	440/0
May	434/2	438/0	436/6	433/4
Jul	403/6	407/6	406/4	403/4
Sep	409/4	413/0	411/2	408/4
Dec	420/0	424/0	422/0	419/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	73.40	72.42	73.50	72.60
Apr	74.87	73.45	74.92	73.80
Jun	74.20	72.80	74.25	73.20
Aug	72.00	71.15	72.50	71.40
Sep	71.50	70.95	71.50	0
Oct	71.15	70.55	71.55	70.80
Dec	72.50	71.78	72.70	72.00

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	42.32	42.70	43.00	42.30
Apr	42.37	42.10	43.10	42.15
Jun	46.85	46.77	47.27	46.80
Jul	47.35	47.32	47.95	47.15
Aug	46.92	46.80	47.35	46.60
Oct	43.55	43.50	43.90	43.50
Dec	45.52	45.50	45.95	45.50

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	38.60	38.82	39.20	38.50
Mar	39.47	38.45	39.80	39.30
May	41.30	41.17	41.50	41.00
Jul	42.47	42.42	42.00	42.35
Aug	42.10	41.80	42.65	42.00
Feb	55.67	56.87	55.70	55.25
Mar	54.25	55.25	0	54.25

INTL. COMPANIES

Nomura to buy 5% stake in W German finance group

By Paul Waldmeir in Tokyo and Haig Simonian in Frankfurt

NOMURA SECURITIES, the largest Japanese stockbroker, plans to take a 5 per cent equity stake in Matuschka Group, a West German financial services group.

The Munich-based Matuschka, run by Count Albrecht Matuschka, is privately owned. It specialises in fund management, venture capital and mergers and acquisitions. Portfolio management forms the core business, although the size of its funds under management is not disclosed.

In M&A, one of the areas which suit its individualistic style, it has specialised in cross-border business, notably between French and German companies.

The deal, which has not yet been finalised, would be Nomura's second M&A link-up in six months. Last July Nomura paid $100m for a 20 per cent stake in Wasserstein Perella, the aggressive New York mergers and acquisitions group set up by Mr Bruce Wasserstein and Mr Joseph Perella when they left First Boston, the US investment bank, earlier in the year.

They subsequently established a joint venture operation in Tokyo called Nomura Wasserstein Perella, which is seeking to stimulate interest among Japanese companies in acquisitions both at home and abroad.

According to figures from Yamaichi Securities, Japanese companies spent Y1,900bn ($14.8bn) on mergers and acquisitions abroad last year, compared with only Y500bn in 1986.

Yamaichi, itself active in the Japanese M&A business, forecasts that the value of Japanese acquisitions abroad could increase by a further 50 per cent this year.

The vast majority of recent deals have taken place in the US. However, brokers in Tokyo predict that Japanese companies will turn their attention to Europe ahead of the creation of an internal market in 1992.

A stake in the Matuschka group might further this trend. Nomura declined to disclose the cost of the purchase, but analysts estimated it at roughly Y1bn.

Matuschka has offices in Munich, Frankfurt and Berlin, with a total staff of about 200. Among its other activities is TVM-Techno Venture Management, a venture capital arm.

Fairfax agrees $1.32bn refinancing package

By Chris Sherwell in Sydney

JOHN FAIRFAX, the debt-burdened Australian newspaper group owned by 28-year-old Mr Warwick Fairfax, yesterday announced the completion of a complex A$1.5bn (US$1.32bn) medium-term refinancing agreement with its three main bankers.

The package, which includes A$450m in junk bonds issued in the US by Drexel Burnham Lambert and A$1.1bn in loans from ANZ Bank and Citibank, ends six months of tough negotiations aimed at preserving Mr Fairfax's control of the group's most valuable titles – the Sydney Morning Herald, Melbourne Age and Australian Financial Review.

Mr Fairfax took the quoted group private in a controversial A$2.55bn takeover launched prior to the October 1987 stock market crash. Despite a string of asset sales to reduce borrowings and improved circulation and advertising, cash flows have rarely looked like covering interest and other costs. Mr Fairfax turned to Drexel for additional help.

Directors said yesterday's package "involved the biggest corporate refinancing and restructuring in Australia's history."

It demonstrated confidence in the Fairfax newspapers and in the staff and management, and would secure the group's future, they added.

Details remain confidential, but the directors said the package involved:

- From ANZ and Citibank, A$350m in "senior current-pay bank debt," A$750m in senior zero coupon bank debt and a line of revolving working capital and provision for capital equipment. The two banks are fully secured against the Fairfax assets.
- Through Drexel Burnham Lambert, the issue to US investors of A$300m of high-yield senior subordinated debentures due in the year 2000, and A$150m of high-yield subordinated debentures due in 2001. Holders will receive a form of non-voting rights which the company could redeem for cash, non-voting shares or subordinated debentures.

The agreements concluding the transaction were signed simultaneously in New York, Canberra and Sydney.

US QUARTERLY RESULTS

McDONALD'S, the US fast food chain, lifted fourth-quarter net profits to $151.5m or 81 cents a share on revenues of $1.45bn from profits of $129.6m or 68 cents on revenues of $1.27bn.

For the year, net profits were $645.9m or $3.43 a share, against $549.1, or $3.14. The 1987 figure includes a gain from a change in accounting practices of $47.4m or 25 cents a share. Revenues were $5.57bn against $4.89bn, while systemwide sales were $16.06bn against $14.33bn.

In the fourth quarter, systemwide sales rose from $3.68bn to $4.14bn, due to higher sales from existing restaurants, new restaurant expansion and the effect of stronger foreign currencies. US sales were boosted by promotions, while overseas sales gained from increased penetration in individual markets.

The company plans to open between 600 and 650 new restaurants worldwide in 1989 and each year over the next several years.

GEORGIA-PACIFIC, US forest products group, increased fourth-quarter profits from $112m or $1.06 a share to $129m or $1.36, on sales up from $2.23bn to $2.57bn. For the year, net profits were $467m or $4.76 a share against $458m or $4.23, on sales of $9.51bn ($8.6bn).

Mr T. Marshall Hahn, chairman and chief executive, said the company's pulp and paper business was "the driving force" behind Georgia-Pacific's increased profitability.

He said 1988 was a good year for the building products segment, even though income was down from 1987 record levels.

MEAD, the Ohio-based paper group, reported fourth-quarter operating net profits of $54.8m or 85 cents a share, against $34.7m or 55 cents, on sales of $1.04bn ($1.06bn).

For the year, operating net profits were $364.1m or $5.54 a share, against $218.3m or $3.47, on sales of $4.46bn, against $4.21bn.

NYNEX, the US telecommunications group, increased fourth-quarter net earnings from $322.5m or $1.59 a share to $342.2m or $1.74.

For the year, net profits were $1.31bn or $6.63 a share against $1.27bn or $6.26. Revenues were $12.7bn ($12.1bn).

RORER, the US pharmaceutical group, boosted fourth-quarter net profits from $22.5m or 71 cents a share to $26.9m or 85 cents, taking profits for the year to $61.8m or $1.96 a share from $54.3m or $1.67.

Sales for the quarter were $325m against $281.4m, giving a total for the year of $1.04bn ($928.8m). The company said that, exclusive of favourable foreign currency exchange rates, sales would have increased 10 per cent and earnings per share by 15 per cent.

AMDAHL, the US plug-compatible computer group, announced a rise in fourth-quarter net operating profits to $63.5m or 59 cents a share from $49m or 46 cents.

In the latest quarter, a $9.5m tax credit made final net profits $72.9m or 68 cents. In the year-ago quarter, a $4m tax credit made final net profits $53m or 50 cents. Revenues were $545.7m against $482.9m.

Operating net profits for the year were $213.8m or $1.99 against $141.9m or $1.37. The company said its 5890 mainframe computer series was the largest contributor to income in 1988.

QUANTUM CHEMICAL, the medium-sized US chemical company which is currently subject to a buyout proposal, boosted fourth-quarter net profit to $97.3m or $4.14 a share from $60.2m or $1.96.

The latest quarter includes income of $5.9m or 25 cents from discontinued operations, against a loss of $3.4m or 11 cents a year earlier from discontinued operations. Sales were $806.7m against $665.8m.

Correction

European steel

A CHART on the front of yesterday's Companies and Markets section incorrectly stated 1987 EC crude steel consumption as 103,222m tonnes. The correct figure is 103.2m tonnes. The horizontal axis of the chart should have been labelled in million tonnes, not thousands.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up despite intervention

TWO ROUNDS of co-ordinated central bank intervention and lower than expected US growth figures failed to contain investors' appetite for dollars in currency markets yesterday. Early morning intervention by European central banks pushed the dollar to below the psychologically important DM1.85 level, but by midday the US unit had emerged virtually unscathed to move once more above that level.

The dollar then moved lower on a smaller than expected rise in fourth quarter Gross National Product, but renewed buying quickly took it back firmer. At that point central banks moved to sell dollars once more and after a temporary check the dollar resumed its npward path to break through DM1.86. It closed at DM1.8625 up from DM1.8440 on Thursday. Elsewhere, it finished at SFr1.5865 from SFr1.5675 and FFr6.3350 from FFr6.2700. On Bank of England figures, the dollar's exchange rate index rose from 66.9 to 67.3.

US gross national prodoct rose by 2 p.c. in the fourth quarter while inflation, as measured by the fixed weight deflator, was up by 4 p.c., both lower than expected; both figures are likely to reduce pressure oo the US Federal Reserve to increase interest rates.

The dollar finished towards its best level of the day. However, some traders pointed out that the Group of Seven have the weekend to review strategy, and it may well be that investors will be allowed a little more rope to push the dollar higher before being met with large scale intervention.

With the dollar/mark rate leveling off at the day's high, attention switched to the yen which, unlike other major currencies, has failed to enjoy the support of its central bank just recently. Consequently, the dollar moved up to Y129.15 from Y128.10 on Thursday.

Sterling remained on the sidelines for much of the day. UK trade figures were regarded as mildly bullish, but sterling's performance is largely dominated by the level of UK interest rates, and these show little sign of moving just yet. Its exchange rate index finished unchanged from Thursday's close at 98.1.

Sterling fell against the dollar to $1.7590 from $1.7725 but rose against the D-Mark to DM3.2750, its best level since July 1986 and up from DM3.2675 on Thursday. It was also higher against the yen at Y227.25 from Y227.00. Elsewhere, it finished at FFr11.1425 from FFr11.1125 and SFr2.7900 compared with SFr2.7775.

£ IN NEW YORK

Jan.27	Latest	Previous Close
£ Spot	1.7570-1.7580	1.7675-1.7685
1 month	0.59-0.58pm	0.54-0.52pm
3 months	1.58-1.55pm	1.53-1.50pm
12 months	4.29-4.21pm	4.28-4.18pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Jan.27	Previous
8.30 am	98.1	98.0
9.00 am	98.1	98.2
10.00 am	98.1	98.2
11.00 am	98.0	98.1
Noon	98.1	98.2
1.00 pm	98.1	98.2
2.00 pm	98.1	98.1
3.00 pm	98.1	98.1
4.00 pm	98.1	98.1

CURRENCY RATES

Jan.27	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.743843	0.637729
U S Dollar	6.50	1.31928	1.12591
Canadian $	11.54	1.55965	1.33364
Austrian Sch.	4	17.1111	14.6875
Belgian Franc	7.75	50.9374	43.6966
Danish Krone	7½	9.43747	8.10374
Deutsche Mark	4	N/A	2.08722
Neth. Guilder	5.00	2.74608	2.35630
French Franc	9½	0.28508	7.09830
Italian Lira	12½	1782.91	1528.51
Japanese Yen	2½	168.076	144.736
Norway Krone	8	8.80487	7.55204
Spanish Peseta	-	151.036	129.446
Swedish Krona	8½	0.27716	7.10168
Swiss Franc	4	2.06929	1.77331
Greek Drach.	20½	202.068	173.481
Irish Punt	-	0.908052	0.779608

*All SDR rates are for Jan.26

CURRENCY MOVEMENTS

Jan.27	Bank of England Index	Morgan** Guaranty Changes %
Sterling	98.1	-14.0
U S Dollar	67.3	-11.9
Canadian Dollar	102.4	-0.2
Austrian Schilling	106.4	+9.5
Belgian Franc	105.6	-4.4
Danish Krone	102.8	-1.8
Deutsche Mark	112.2	+20.1
Swiss Franc	108.0	+17.6
Guilder	109.6	+12.6
French Franc	98.6	-16.0
Lira	97.5	-20.2
Yen	149.5	+82.6

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) **Rates are for Jan.26.

OTHER CURRENCIES

Jan.27	£	$
Argentina	29.9500-30.1000	16.9500-17.0300
Australia	2.0095-2.0120	1.1415-1.1425
Brazil	1.7500-1.7700	0.9900-1.0000
Finland	7.5065-7.5295	4.2540-4.2560
Greece	269.20-273.70	152.58-155.05
Hong Kong	13.7290-13.7420	7.8010-7.8030
Iran	123.50*	69.25*
Korea(Sth)	1197.80-1207.45	677.60-683.20
Kuwait	0.50630-0.50745	0.28700-0.28720
Luxembourg	68.40-68.50	38.85-38.95
Malaysia	4.7925-4.8040	2.7240-2.7280
Mexico	4064.10-4077.00	2300.00-2306.00
N. Zealand	2.8910-2.8960	1.6420-1.6450
Saudi Ar.	6.6210-6.6310	3.7500-3.7510
Singapore	3.4035-3.4090	1.9340-1.9360
S. Af (Cm)	4.2080-4.2195	2.3950-2.3980
S. Af (Fn)	6.7725-6.9060	3.8460-3.9215
Taiwan	48.65-48.90	27.60-27.70
U.A.E.	6.4830-6.4950	3.6725-3.6735

*Selling rate

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.7590	1.7541	1.7444	1.7333	1.7185
D-mark	3.2750	3.2570	3.2355	3.1742	3.0952
French Fr.	11.143	11.108	11.036	10.948	10.787
Swiss Fr.	2.7900	2.7743	2.7437	2.7017	2.6271
Yen	227.25	225.75	222.80	218.75	211.86

POUND SPOT- FORWARD AGAINST THE POUND

Jan.27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7580-1.7710	1.7585-1.7595	0.51-0.48cpm	3.38	1.49-1.44pm	3.86
Canada	2.0900-2.1020	2.0920-2.0930	0.37-0.23cpm	1.72	0.87-0.68pm	1.48
Netherlands	3.68½-3.70¼	3.69¼-3.70¼	2-1⅞cpm	6.29	5½-5¼pm	6.29
Belgium	68.30-67.00	68.40-68.50	35-25cpm	5.26	90-75pm	4.82
Denmark	12.67¼-12.71¼	12.70¼-12.71¼	5-4¼orepm	4.54	15-14¼pm	4.58
Ireland	1.2175-1.2230	1.2190-1.2200	0.53-0.48pm	4.97	1.51-1.36pm	4.71
W. Germany	3.26½-3.28¼	3.27¼-3.27¼	1⅞-1¼pfpm	6.64	5½-5¼pm	6.64
Portugal	264.30-268.95	266.30-267.30	45-4cpm	1.10	125-30pm	1.16
Spain	202.05-203.20	202.30-202.60	35-20cpm	1.63	50-20pm	0.69
Italy	2387½-2397½	2395½-2396½	3pm-2liredis	0.25	6-5pm	0.92
Norway	11.80¼-11.85	11.80¼-11.81¼	2-1¼orepm	1.78	5¼-4½pm	1.67
France	11.10½-11.14½	11.13¼-11.14½	3¼-3¼cpm	3.90	12¼-10¼pm	3.97
Sweden	11.12-11.14½	11.13½-11.14½	2½-1¼orepm	2.09	6¼-6¼pm	2.31
Japan	226¼-227¼	226¼-227¼	1½-1½ypm	8.25	4½-4¼pm	7.81
Austria	22.94-23.08	22.96-22.97	12½-11¼gropm	6.20	37-34¼pm	6.21
Switzerland	2.77½-2.79½	2.78½-2.79½	1½-1¼cpm	6.72	4½-4¼pm	6.72

Belgian rate is convertible francs. Financial franc 68.75-68.85. Six-month forward dollar 2.60-2.55cpm 12 months 4.10-4.00cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Jan.27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7580-1.7710	1.7585-1.7595	0.51-0.48cpm	3.38	1.49-1.44pm	3.86
Ireland†	1.4395-1.4495	1.4410-1.4420	0.26-0.31cdis	-2.36	0.66-0.75dis	-1.93
Canada	1.1830-1.1895	1.1870-1.1880	0.14-0.19cdis	-1.67	0.52-0.59dis	-1.87
Netherlands	2.0805-2.1030	2.1020-2.1030	0.52-0.49cpm	2.90	1.57-1.53pm	2.97
Belgium	38.60-38.95	38.85-38.95	6.00-4.00cpm	1.56	16.50-12.50pm	1.50
Denmark	7.15¼-7.22¼	7.22¼-7.22¼	0.90-0.65orepm	1.30	2.45-2.05pm	1.25
W. Germany	1.8440-1.8635	1.8620-1.8630	0.52-0.49pfpm	3.28	1.56-1.51pm	3.31
Portugal	151-152¼	152-152¼	20-40cdis	-2.34	60-110dis	-2.24
Spain	114.20-115.30	115.20-115.30	15-20cdis	-1.83	70-77dis	-2.56
Italy	1349-1362¼	1361¼-1362¼	2.00-2.70liredis	-2.08	7.90-8.90dis	-2.43
Norway	6.68¼-6.71	6.71-6.71½	0.80-1.05oredis	-1.66	2.80-3.10dis	-1.76
France	6.27½-6.33¼	6.33¼-6.33¼	0.28-0.21cpm	0.47	0.93-0.78pm	0.54
Sweden	6.28½-6.33½	6.33-6.33½	0.55-0.75oredis	-1.24	1.50-1.80dis	-0.43
Japan	128.20-129.35	129.10-129.20	0.51-0.49ypm	4.67	1.48-1.45pm	4.56
Austria	12.98¼-13.06	13.00¼-13.01¼	3.35-2.65gropm	2.77	10.25-8.25pm	2.84
Switzerland	1.5665-1.5870	1.5860-1.5870	0.48-0.45cpm	3.55	1.38-1.33pm	3.45

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39.05-39.15.

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

MONEY MARKETS

Softer tone

UK INTEREST rates reacted favourably to a contraction in the December trade deficit over November, shedding a sixteenth of a point at the longer end. However, traders remain cautious, since the trade figures only reinforce a growing perception that bank base rates have peaked at 13 p.c. There is little suggestion that base rates are likely to fall in the near future.

Three-month interbank money was quoted at 13⅛-12⅞ p.c. compared with 13⅛-13 p.c. The Bank of England forecast a shortage of around £600m and gave assistance in the morning of £125m through outright purchases of eligible bank bills. These comprised £22m in band 1, £41m in band 2, £29m in band 3 and £33m in band 4.

The forecast was revised to a shortage of around £700m and the Bank gave additional assistance in the afternoon of £474m. This comprised purchases of £2m of local authority bills and £114m of eligible bank bills in band 1 and in band 2 £351m of eligible bank bills. In band 3 it bought £5m bank bills and £2m in band 4, all at unchanged rates. Late help came to £60m, making a total of £659m.

LIFFE LONG GILT FUTURES OPTIONS

[illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS

[illegible]

LIFFE FT-SE INDEX FUTURES OPTIONS

[illegible]

LIFFE £/$ OPTIONS

[illegible]

LIFFE EUROSDOLLAR OPTIONS

[illegible]

LIFFE SHORT STERLING

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

LONDON SE £/$ OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

FT GUIDE TO WORLD CURRENCIES

Every Tuesday in the FT

LONDON TRADED OPTIONS

[illegible]

WORLD STOCK MARKETS

NEW YORK (3 pm)

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

FRANCE (continued)

[illegible]

GERMANY

[illegible]

GERMANY (continued)

[illegible]

ITALY

[illegible]

ITALY (continued)

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

CANADA (3 pm)

[illegible]

JAPAN

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

SINGAPORE

[illegible]

INDICES

NEW YORK DOW JONES

	Jan 26	Jan 25	Jan 24	Jan 23	1988/89 High	1988/89 Low	Since compilation High	Since compilation Low
♦Industrials	2291.07	2265.89	2256.43	2218.39	2291.07 (26/1/89)	1879.14 (20/1/88)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	09.39	89.34	89.22	89.12	91.25 (3/3/88)	86.12 (4/1/88)	-	-
Transport	1039.23	1024.81	1023.83	1012.48	1039.23 (26/1/89)	737.57 (21/1/88)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	190.43	190.49	191.15	189.31	191.15 (24/1/89)	167.26 (20/4/88)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2303.57 (2277.68) Low 2252.86 (2242.32)

STANDARD AND POOR'S	Jan 26	Jan 25	Jan 24	Jan 23	1988/89 High	1988/89 Low	Since compilation High	Since compilation Low
Composite‡	291.69	289.14	288.49	284.50	291.69 (26/1/89)	242.63 (20/1/88)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial	337.24	333.99	333.26	328.83	337.24 (26/1/89)	277.86 (20/1/88)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	26.14	25.90	25.82	25.38	26.42 (20/10/88)	21.51 (8/1/88)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	163.60	162.33	161.99	160.13	163.60 (26/1/89)	136.72 (20/1/88)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	321.42	319.50	318.74	318.03	321.42 (26/1/89)	262.76 (12/1/88)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	397.09	394.03	391.99	389.99	397.09 (26/1/89)	331.97 (12/1/88)	455.26 (26/8/87)	54.87 (31/10/72)

	Jan 20	Jan 13	Jan 6	year ago (approx.)
Dow Industrial Div. Yield	3.59	3.60	3.66	3.64
	Jan 25	Jan 18	Jan 11	year ago (approx.)
S & P Industrial div. yield	3.12	3.13	3.19	3.16
S & P Indl. P/E ratio	13.40	13.30	13.09	15.81

TRADING ACTIVITY † Volume Millions

	Jan 26	Jan 25	Jan 24
New York	212.250	183.610	189.620
Amex	12.640	11.000	13.572
OTC	141.681	121.591	132.589

NEW YORK	Jan 26	Jan 25	Jan 24
Issues Traded	1,977	1,969	1,960
Rises	957	803	1,014
Falls	514	627	467
Unchanged	506	539	479
New Highs	115	65	63
New Lows	7	5	9

CANADA

TORONTO	Jan 26	Jan 25	Jan 24	Jan 23	1988/89 High	1988/89 Low
Metals & Minerals	3478.6	3456.2	3442.2	3492.3	3526.9 (20/1/89)	2298.7 (8/2/88)
Composite	3608.1	3567.8	3554.9	3558.5	3608.1 (26/1/89)	2977.9 (8/2/88)
MONTREAL Portfolio	1801.20	1783.53	1774.69	1780.37	1801.20 (26/1/89)	1305.06 (27/1/88)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
RJR Nabisco	5,044,600	95½	+ ½	General Electric	2 319 200	46¾	+ ⅜
Alcoa	4,480,800	61⅝	+ ⅜	Digital Equip	2 123 300	114¼	+ 3¼
Security Pacif	3,663,300	36⅞	- ⅛	BankAmerica	1 921 900	20⅝	+ ⅜
AT&T	3,527,100	30⅝	—	Citicorp	1 786 700	27¼	+ ⅝
IBM	2,560,900	126	+ 2¼	Occid Petl	1 766 900	28	+ ⅝

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jan. 27	Jan. 26	Jan. 25	Jan. 24	1988/89 High	1988/89 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1542.6	1540.0	1536.5	1525.3	1657.8 (9/8/88)	1170.7 (10/2/88)
All Mining (1/1/80)	727.0	727.0	723.1	711.6	847.8 (9/8/88)	532.4 (10/2/88)
AUSTRIA						
Credit Aktien (30/12/84)	234.40	234.70	236.20	236.30	236.20 (25/1/89)	163.98 (11/2/88)
BELGIUM						
Brussels SE (1/1/84)	5790.80	5768.60	5779.95	5742.70	5790.80(27/1/89)	3608.35(4/1/88)
DENMARK						
Copenhagen SE (3/1/83)	288.05	287.90	288.25	286.51	289.22 (19/1/89)	180.68 (4/1/88)
FINLAND						
Unitas General (1975)	744.7	745.2	747.0	748.0	772.1 (8/8/88)	530.6(15/1/88)
FRANCE						
CAC General (31/12/82)	(u)	(u)	(u)	(u)	441.3(13/1/89)	251.3 (29/1/88)
Ind. Tendance(30/12/88)	107.2	106.8	107.2	(u)	107.2(25/1/89)	100.0 (1/1/89)
GERMANY						
FAZ Aktien (31/12/58)	563.48	559.25	564.08	556.63	567.51(5/1/89)	396.40 (29/1/88)
Commerzbank (1/12/53)	1686.40	1672.80	1688.2	1666.4	1705.6(5/1/89)	1207.9 (29/1/88)
DAX (30/12/87)	1343.58	1329.73	1341.03	1334.18	1371.10(5/1/89)	931.18 (28/1/88)
HONG KONG						
Hang Seng Bank (31/7/64)	2956.95	2910.57	2900.74	2901.03	2956.95 (27/1/89)	2223.56 (8/2/88)
ITALY						
Banca Com. Ital. (1972)	601.31	605.33	606.82	604.25	615.89 (17/1/89)	423.91 (9/2/88)
JAPAN**						
Nikkei (16/5/49)	31646.13	31511.81	31567.79	31557.6	31646.13(27/1/89)	21217.04 (4/1/88)
Tokyo SE (Topix) (4/1/68)	2469.45	2458.09	2462.99	2460.92	2469.45(27/1/89)	1690.44 (4/1/88)
NETHERLANDS						
ANP-CBS General (1970)	309.1	307.2	306.8	303.7	309.1 (27/1/89)	205.7 (4/1/88)
ANP-CBS Industrial (1970)	270.5	268.9	268.6	266.9	270.5 (27/1/89)	157.9 (11/1/88)
NORWAY						
Oslo SE (4/1/83)	544.83	542.87	538.47	530.46	544.83 (27/1/89)	327.78 (28/1/88)
SINGAPORE						
Straits Times Ind. (30/12/66)	1115.48	1108.71	1101.39	1087.68	1177.87 (8/8/88)	833.60(4/1/88)
SOUTH AFRICA						
JSE Gold (28/9/78)	1358.0‡	1382.0	1365.0	1370.0	1451.0 (7/7/88)	1154.0 (4/5/88)
JSE Industrial (28/9/78)	2153.0‡	2158.0	2142.0	2117.0	2158.0 (26/1/89)	1387.0 (12/2/88)
SPAIN						
Madrid SE (30/12/85)	280.66	280.44	279.53	278.05	301.63 (15/6/88)	225.50 (4/1/88)
SWEDEN						
Jacobson & P. (31/12/56)	(u)	3604.3	3570.7	3525.3	3604.3 (26/1/89)	2148.5 (4/1/88)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	632.0	632.1	632.2	627.2	634.2 (16/1/89)	466.6 (13/1/88)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	510.8	509.3	509.6	510.8 (27/1/89)	401.0 (21/1/88)

**Saturday Jan. 21: Japan Nikkei (c) TSE (c) ‡ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia. All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

GNP figures propel Dow 47 points higher

Wall Street

FAVOURABLE figures on the gross national product, which were followed by a surge in the dollar, reinforced the increasingly euphoric mood on Wall Street and caused a buying stampede among institutions, *writes Anatole Kaletsky in New York.*

The Dow Jones Industrial Average, which had already risen 73 points in the previous three sessions, soared more than 50 points by lunchtime, before running into profit-taking. By 2 pm the Dow stood 47.14 points up at 2,338.21.

Volume was heavy and advances outnumbered declines by about two to one.

One analyst described the conditions on Wall Street in the morning as "something like a buying panic," with institutions that had been left behind by the rally scrambling to acquire blue chip stocks.

There was also substantial short-covering by traders who had sold stock on the expectation of a mechanical retreat after the sustained rise in prices, which has now lifted the Dow by around 300 points or 15 per cent from its low point in mid-November. Expectations of a retreat were dashed, however, when the fourth quarter GNP report showed the economy growing by 2.0 per cent, somewhat more slowly than expected.

The GNP figures, which also included indications that inflation had moderated in the fourth quarter, relieved fears of a further monetary tightening and helped the bond market extend its recent rally. The Treasury's long bond rose $⅝ to $102⅞, a price at which it yielded 8.74 per cent.

The currency markets, meanwhile, interpreted the GNP figures differently, taking the view that US interest rates would remain high until economic growth moderated further. The GNP figures were distorted by drought effects and the Commerce Department said that the economy's underlying growth rate was 3.1 per cent in the fourth quarter, exactly the same as in the quarter before.

The dollar therefore rose sharply, to Y129.35 and DM1.8665, in spite of concerted intervention by the Federal Reserve and other central banks.

Among the stock market's strongest performers was General Electric, a top blue chip company which had lagged behind in the post-crash recovery. GE jumped $1⅞ to $48⅞ in very heavy trading.

Other blue chips also did well, including IBM, which advanced $1⅞ to $127⅞, and American Express, which gained $1⅛ to $30¼.

Another big gainer was Merrill Lynch, which stands to benefit directly from the improvement of sentiment on Wall Street. The stock jumped $2¼ to $30⅞. More than 2m Merrill shares were traded, making it the second most active issue after GE.

Other brokerage companies also performed very strongly, although they saw fewer shares change hands. Salomon Brothers rose $1 to $27⅞, Shearson Lehman Hutton gained $1⅞ and PaineWebber advanced $1¼ to $18¾.

One of the few big losers was Apple Computer, which forecast lower earnings, partly because of a semiconductor inventory problem. Apple tumbled by $3⅞ to $38.

The main takeover news concerned West Point-Pepperell, the large textile company, which is fighting a $48-a-share bid from Farley Industries. West Point said it was talking to other suitors and considering a leveraged buy-out. Its shares rose $3¼ to $49¾.

Canada

CORPORATE news kept Toronto stocks active, with merger interest underpinning prices in the face of falling gold stocks. The composite index was up 26.8 at 3,635.0 at midday, on volume of 21.7m shares.

Shell Canada, reporting higher earnings, jumped C$1⅝ to C$46⅝, while Imperial fell C$¾ to C$50½ on news of its lower net profits. Gulf Canada slipped C$¼ to C$15⅝.

National Victoria and Grey Trust, which changed its name to National Trustco, gave up C$⅛ to C$23⅞, in spite of its forecast of better annual results. Toronto Sun Publishing, reporting flat earnings, gained C$⅝ to C$26⅝.

EUROPE

Global gains add colour to cheerful bourses

THE WEEK ended on a positive note for most European bourses as gains in leading world markets lent a rosy hue to equity investment everywhere, *writes Our Markets Staff.*

FRANKFURT clung to the good economic news and shrugged off the bad to end the week moderately higher in very active trading. Foreigners were strong buyers, particularly in the chemicals stocks, and the FAZ index was up 4.23 at 563.48, while the DAX index climbed 13.88 to 1,343.58.

Turnover was a high DM5.32bn as positive news from the US on lower-than-expected fourth quarter economic growth and inflation helped offset worries about higher domestic interest rates following a rise in West German inflation.

Chemicals saw good gains and featured in the 10 most active stocks following an upward revision of earnings forecasts by Degab, the Deutsche Bank research unit. Bayer rose DM6.20 to DM307.20, Hoechst added DM6.90 to DM307.90 and BASF put on DM5.40 to DM291.90.

The steel sector was propelled higher by the prospect that British Steel might take a stake in Klöckner & Co, the holding company rescued by Deutsche Bank last year after it suffered heavy oil trading losses. Klöckner-Werke, the steel maker in which Klöckner has an 18 per cent holding, rose DM16 to DM163.50 and KHD, the machinery manufacturer in which Klöckner has 40 per cent, was up DM15.50 at DM175 amid speculation about a break-up of the group.

Thyssen rose DM4.20 to DM212 and Hoesch DM14.20 to DM215, and both featured in the most actives list.

Degussa, metals and chemicals group, climbed DM8.50 to DM450 before news of a 26 per cent rise in parent company profits last year.

PARIS saw a flurry of activity in Pechiney after a government statement on the company's recent takeover of Triangle Industries, and share price ended higher again. Speculative trading and expectations of good corporate results ahead also buoyed demand, as did the good economic news from the US.

The CAC 40 index added 9.90 to 1,677.32 and the OMF 50 index put on 4.09 to 467.49. Volumes were reduced by a delay in trading in blue chips.

Pechiney *certificats d'investissements* jumped by 13 per cent, from FFr375.50 to FFr425, after Finance Minister Pierre Bérégovoy said the aluminium group had paid a fair price for Triangle. The takeover is the subject of an insider trading investigation.

But analysts were at a loss to explain the sharp rise in the share price, as the takeover price paid by Pechiney was already thought to have been "fair". One analyst remarked: "The day when I see Pechiney go up 10 per cent on the back of that (the government statement) I just give up in disbelief. It seems a very imperfect market."

Metaleurop had another active session, rising FFr9.70 to FFr124 on firmer metal prices.

AMSTERDAM benefited from the firmness of the dollar, Wall Street and the London stock market, and the CBS tendency index closed up 1.5 at a fresh high for the year of 165.3 in active trading said to be similar to Thursday's Fl 700m.

Transport company Nedlloyd starred with a Fl 3.80 rise to Fl 294 on its plans to invest Fl 1.5bn in new container ships. Van der Giessen-de Noord jumped Fl 16 to Fl 123 on indications it was the only Dutch shipyard invited to tender.

Chemicals were strong, with DSM up Fl 1 at Fl 115.20 in grey market trading, and Akzo up Fl 1.50 at Fl 156.70 on news the DSM issue was oversubscribed. It also plans to move from an unsponsored to a sponsored American Depositary Receipts programme on February 6.

MILAN was unsettled by signs of division within the governing coalition over the bargain struck with the unions to call off next week's threatened general strike. The lacklustre performance of Fiat's share price after the strong run-up to its annual results also depressed the market. The Comit index ended off 4.02 at 601.31 in fairly quiet trading.

ZURICH finished the week on a quiet note, with the Crédit Suisse index edging up 0.3 to 542.2. Buying interest focused on participation certificates.

Inspectorate International PCs were among the most active stocks, adding SFr15 to SFr294, while its bearers lost SFr20 to SFr2,200. Adia kept on falling as foreign investors expressed their dissatisfaction with the terms of the link-up with Inspectorate. Its bearers fell SFr10 to SFr8,440.

STOCKHOLM chose to rest after putting in three consecutive highs, although share prices were underpinned by positive sentiment. The Affärsvärlden index lost 1.4 to 1,064.6.

OSLO put in another strong session amid optimism about the outlook for the Norwegian economy. This pushed prices to another all-time high and the all share index rose 0.66 to 402.

BRUSSELS saw Petrofina continue its climb, adding BFr75 to BFr14,100 before the release of its results, due on Monday. The cash index rose to another high, adding 2.2 to 5,790.8.

MADRID was little changed at the end of an uneventful session. The general index rose 0.22 to 280.66.

SOUTH AFRICA

A STRONG week in Johannesburg ended with a spot of profit-taking, which took gold shares lower. Vaal Reefs shed R4 to R296.

ASIA PACIFIC

Nikkei climbs as interest rate fears fade

Tokyo

INVESTORS brushed aside worries about interest rates and the strong dollar and went on a broad-based buying spree that lifted the Nikkei to another all-time high yesterday, *writes Michiyo Nakamoto in Tokyo.*

The mood was very positive and the Nikkei rose steadily throughout the day, climbing to a high of 31,683.45 before finishing 134.32 up at 31,646.13.

Investor interest in a wide range of issues saw 594 issues advance against 348 that declined while 144 issues were unchanged. Volume rose to 1.13bn shares compared with 1bn on Thursday.

The Topix index of all listed shares gained 11.86 to 2,469.45 and, in London trading, the ISE/Nikkei 50 index advanced 12.75 to 1,999.88.

Today's trading session will be Tokyo's last on a Saturday, as the market embraces a five-day week.

Investor confidence yesterday was helped in part by the overnight strength of Wall Street, which did much to relieve fears of higher US interest rates.

The strength of the dollar against the yen, another factor fuelling wariness, led to active buying in export-dependent electrical issues. Interest was also stimulated by several new subscription offerings by investment trust funds. There was, however, also mention of arbitrage activity, which was said to have lifted the Nikkei average substantially.

News that Toyota plans to set up a car plant in Britain stimulated considerable interest in car stocks, and Toyota advanced Y70 to Y2,600.

Nissan was actively traded, but succumbed to profit-taking after Thursday's rise of Y70, finishing off Y10 at Y1,350. Investor interest focused on Nissan's rocket technology interests as well as the success of its new car models. Nissan was the second most actively traded issue at 27.3m shares.

Electricals were seen to have a low margin buying balance and benefited also from the strength of the weak yen, which would help exports, as well as recent underperformance. Sony added Y100 to Y7,240 and Pioneer advanced Y150 to Y3,330.

Fuji Electric, a maker of electrical machinery, topped the most actives list at 32.6m shares, rising Y29 to Y905. It was sought partly on expectations that the company will be seeing record recurring profits for the current business year ending March.

Investors turned to electricals and automobile issues in Osaka and the OSE average rose 172.18 to 29,843.85. Volume at 117.2m was higher than the 111m traded on Thursday.

Roundup

GAINS in leading world markets injected new vigour into Hong Kong and Singapore, while Australia took a rest after eight consecutive gains, ending only slightly higher.

HONG KONG shook off six days of stagnation and responded to gains in New York and Tokyo with another post-crash high in heavy trading. The Hang Seng index added 46.38 to 2,956.95 and turnover climbed to HK$1.86bn in value from Thursday's HK$1.22bn.

Hongkong Land starred again as the most active stock – jumping 30 cents to HK$10.60 in volume worth HK$133.9m – on continued speculation that it was going to make an announcement.

The banking sector was buoyed by good results from Bank of East Asia, up 10 cents at HK21.50, and Hongkong Bank rose 20 cents to HK$6.95.

SINGAPORE also followed the leading markets higher, but ended the session off its highs on profit-taking. The Straits Times industrial index rose 6.77 to 1,115.48 and turnover was strong at 77m shares.

AUSTRALIA was troubled by concern over interest rates, and gave up early gains to finish only slightly stronger before the Australia Day long weekend. The All Ordinaries index added 2.6 to 1,542.6 in moderate turnover.

Brierley Investments rose 1 cent to A$1.06 after increasing its stake in Lane Walker Rudkin to 56 per cent.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JANUARY 26 1989					WEDNESDAY JANUARY 25 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988/89 High	1988/89 Low	Year ago (approx)
Australia (90)	153.67	+0.1	128.54	116.26	4.63	153.57	128.56	115.93	153.67	91.16	97.97
Austria (18)	96.36	-0.6	80.60	92.41	2.66	96.93	81.15	92.87	100.00	83.72	89.50
Belgium (63)	135.90	+0.2	113.68	130.04	3.86	135.62	113.53	129.77	139.89	99.14	105.74
Canada (126)	135.03	+1.6	112.94	115.62	3.15	132.86	111.22	113.96	135.03	107.06	109.04
Denmark (39)	158.37	-0.1	132.47	154.17	1.97	158.58	132.75	154.27	161.60	111.42	113.68
Finland (26)	133.52	-0.5	111.68	119.31	1.46	134.17	112.32	119.98	139.83	106.78	110.43
France (131)	118.60	-0.6	99.20	116.65	2.78	119.33	99.89	117.36	119.33	72.77	74.13
West Germany (102)	86.12	-0.7	72.03	82.56	2.29	86.68	72.57	83.06	90.40	67.78	68.38
Hong Kong (46)	120.73	+0.3	100.99	120.92	4.08	120.41	100.80	120.59	120.91	84.90	91.49
Ireland (18)	133.70	+0.1	111.84	129.75	3.88	133.57	111.81	129.93	144.25	104.60	112.85
Italy (98)	84.18	-0.5	70.41	84.87	2.37	84.63	70.85	85.20	86.88	62.99	70.39
Japan (456)	194.35	-0.6	162.56	157.37	0.48	195.53	163.69	157.90	197.43	133.61	149.46
Malaysia (36)	152.30	+0.7	127.39	159.46	2.67	151.28	126.65	158.04	154.17	107.83	119.14
Mexico (13)	161.29	+0.1	134.91	405.59	1.26	161.13	134.89	405.19	182.24	90.07	130.92
Netherland (38)	114.72	-0.3	95.96	109.02	4.53	115.04	96.31	109.21	115.04	95.23	96.91
New Zealand (24)	70.46	-0.2	58.94	61.27	6.43	70.62	59.12	61.62	84.05	63.32	73.29
Norway (26)	160.08	+1.0	133.90	145.20	1.87	158.46	132.65	143.83	160.08	98.55	98.55
Singapore (26)	135.86	+0.8	113.64	120.99	2.20	134.74	112.80	120.34	135.89	97.99	105.13
South Africa (60)	*128.47*	+0.7	107.46	109.06	4.24	*127.59*	*106.81*	*108.30*	139.07	98.26	125.13
Spain (42)	149.61	+0.5	125.14	129.49	3.23	148.86	124.62	129.07	164.47	130.73	136.52
Sweden (35)	149.62	+0.9	125.15	139.16	2.05	148.35	124.19	138.14	149.62	96.92	105.40
Switzerland (57)	78.05	+0.1	65.29	75.85	2.24	77.94	65.25	75.69	86.75	74.13	77.09
United Kingdom (314)	144.67	+1.1	121.01	121.01	4.48	143.06	119.76	119.76	144.67	120.66	131.31
USA (570)	118.63	+0.9	99.23	118.63	3.58	117.55	98.41	117.55	118.63	99.19	103.38
Europe (1007)	118.31	+0.3	98.96	106.71	3.54	117.92	98.71	106.38	118.31	97.01	99.91
Nordic (126)	144.52	+0.4	120.89	131.44	1.94	143.96	120.51	130.98	–	–	–
Pacific Basin (678)	189.63	-0.6	158.61	154.06	0.69	190.71	159.65	154.53	192.26	130.81	145.22
Euro-Pacific (1685)	161.09	-0.3	134.74	135.26	1.54	161.57	135.26	135.43	161.61	120.36	127.11
North America (696)	119.51	+1.0	99.97	118.47	3.55	118.38	99.10	117.36	119.51	99.78	103.68
Europe Ex. UK (693)	101.86	-0.3	85.20	97.98	2.79	102.18	85.54	98.25	102.91	80.27	80.49
Pacific Ex. Japan (222)	133.11	+0.2	111.34	112.26	4.36	132.88	111.24	111.96	133.11	87.51	94.03
World Ex. US (1884)	159.86	-0.2	133.71	134.48	1.61	160.23	134.14	134.57	160.23	120.26	126.48
World Ex. UK (2140)	143.93	+0.0	120.39	129.96	1.98	143.91	120.48	129.77	143.93	111.77	116.19
World Ex. So. Af. (2394)	144.07	+0.1	120.51	129.24	2.19	143.92	120.48	128.95	144.07	113.26	117.47
World Ex. Japan (1998)	119.77	+0.7	100.18	114.25	3.59	118.95	99.57	113.48	119.77	100.00	102.22
The World Index (2454)	143.98	+0.1	120.43	129.10	2.21	143.82	120.40	128.81	143.98	113.37	117.53

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.62 (US $ Index), 114.42 (Pound Sterling) and 123.18 (Local).

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Cosy European cartels face chill of competition

WHAT will be the shape of Europe's stock exchanges in the 1990s? Under competitive threat from each other, as well as from over-the-counter markets, information services and even their own members, their *raison d'être* is being questioned. As they respond to this threat, the cosy cartels that run many European bourses will be broken up and the idea of a stock exchange floor may become a thing of the past.

A study published this week by accounting firm Arthur Andersen on the European capital markets suggests the central role of the stock exchanges is no longer assured.

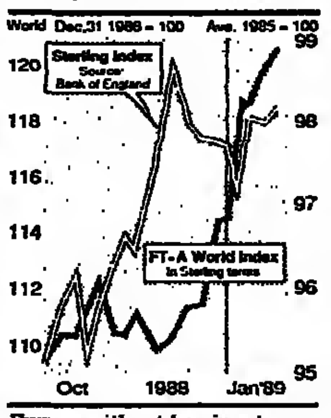
Most equity trading continues to be carried out on exchanges, partly because regulations often permit trading only on the exchange where official prices are fixed. Another reason is that stock exchanges provide all the facilities for trading, clearing and settlement in most markets. But that picture is changing for a number of reasons:

- Increasing cross-border dealing in equities is likely to move securities trading away from domestic exchanges. Foreign institutional investors say they prefer to trade international equities mainly outside their country of origin. London represents a threat to most continental exchanges.
- Technology is allowing trading to move away from the floor of exchanges and helping the development of over-the-counter markets. Information vendors, such as Reuters, are increasingly penetrating the business of price dissemination and trading. Meanwhile other intermediaries – such as big Eurobond clearing houses Euro-clear and Cedel – are muscling in on clearing and settlement. The report says the experience of markets like Soffex, the Swiss futures and options market, shows "technology has bypassed the political implications of locating the market in one geographic area."
- New regulations within the European Community, such as the proposed mutual recognition of stock exchange listings, are likely to have an impact.

The fragmentation of European markets is already clearly a disincentive to outsiders to buy European stocks. The report suggests the Japanese think Europeans underestimate the problems of dealing on their stock exchanges.

The study concludes: "Neither the UK nor any individual European country has the infrastructure of liquidity to stand alone as a competitive force. Europe's various national markets will need to act as one single integrated market. A unified market is the only way Europe can compete with Japan and the USA."

From where we stand now, three years from 1992 and a Europe without barriers to capital flows, that objective seems far off indeed. The risk is that, instead of seeking unity, exchanges will go on competing.



Indeed, stock exchanges, perhaps more entrenched in tradition, appear to have shown less awareness of the problems of destructive competition than the younger futures and options exchanges in Europe. This will lead them to develop systems along different standards and, as a result, be less effective in competing with Japan and the US.

However, if there is to be an integrated market, it seems that Europeans overwhelmingly believe that London should be part of it. An average 60 per cent of Europeans believe that a combination of continental markets would be successful in competing with New York and Tokyo, but that percentage rises to 91 per cent if London is included.

Paris, Zurich, Frankfurt and Amsterdam are improving their competitive position through large investments, but London seems to come out best from the survey: so well, in fact, that it may be difficult to persuade the London market that co-operation across Europe is to its advantage.

While stricter regulation in the UK will provide continental exchanges with an advantage, London has a number of competitive benefits – continental European intermediaries are already in place and dealers have a greater will to take on risk. Moreover, expertise, facilities and people are in place and the image, tradition and language are right.

The over-the-counter equity market in London also benefits from high liquidity, market makers' ability to take positions, further development of the Euroequities market and lower levels of brokerage commission. Of the survey's more than 1,000 respondents, 75 per cent think the London OTC market will grow.

However, complacency in London would be ill-placed. Recent research by Peat Marwick McClintock, another accounting firm, indicates that London transaction costs are significantly higher than New York's, London's main international rival. It points out:

- Trades settled outside the stock exchange's Talisman system are cumbersome and time-consuming.
- Poor investment in technology has shown few results.
- Costs on the International Stock Exchange are generally higher than comparable costs in the US, which it attributes partly to the need to recoup the investment on Big Bang.
- Managements have tolerated inefficiency, keeping productivity low.
- High rates of settlement failures, especially in comparison with North America, are mainly due to problems with paper, but exaggerated by underdeveloped stock lending systems. This leads to widespread problems in accounting for rights and dividends.

In November, the Department of Trade and Industry put out a consultative paper on the so-called "dematerialisation" of share certificates in recognition of these problems and their potential impact on London as a financial centre.

Stephen Fidler

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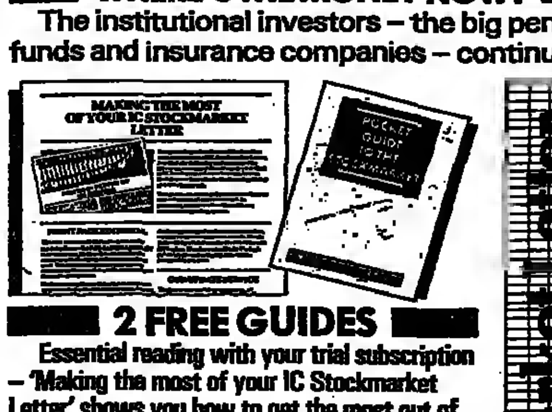

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LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

Corporation and County Stocks No. of bargains included7

Greater London Council6¾% Stk 90/92 - £87½ 69 ¾

Birmingham Corp2½% Stk 1926(or after) - £20 (24Ja89)

3½% Stk 1946(or after) - £28 (23Ja89)

Bristol CorpDeb Stk (3½%) - £29 (20Ja89)

Glasgow Corp3½% Irrd Stk - £30 (20Ja89)

Lincoln Corp3% Red Stk 1919(or after) -

Inter-American Development Bank9¾% Ln Stk 2015 - £97¾

International Bank for Rec & Dev9¾% Ln Stk 2010(Reg) - £97¾ ½ ½ ¾ ⅝

11.5% Ln Stk 2003 - £110⅝

Ireland 12¾% Ln Stk 2008(Reg) - £117¾

Malaysia 10¾% Ln Stk 2009(Br) - £98 (24Ja89)

New Zealand 11¾% Stk 2008(Reg) - £108¾ ¾

11½% Stk 2014(Reg) - £111¾ ½ ¾

Nova Scotia(Province of)11½% Ln Stk 2019 - £112¾

16¾% Ln Stk 2011 - £161¾ (24Ja89)

Rule 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Air Express International $16⅝♦ (25.1)
Aust. Development A$1.82♦ (25.1)
Aust. Foundation Inv 70♦ (25.1)
Aust. Oil & Gas 31♦ (24.1)
Australis Mining 6
Beverly Enterprises $7½♦
Boral Ord Stk 170♦165
Bounty Invs 100 (20.1)
City Developments S$3.196 (25.1)
Community Psychiatric Centers $23⅛ (24.1)
Conex Aust A$0.029 (24.1)
Cultus Resources 12♦ (23.1)
Gold & Mineral Exploration A$0.089♦ (24.1)
Haoma North West 3½ (20.1)
Hexel Corp $32.2♦32½♦ (24.1)
Highveld Steel & Vanadium DM4.64 (25.1)
Hooker Corp A$2.04 (24.1)
Keystone International £10½
Kollmorgen Corp 13¼ (24.1)
Kulim Malaysia Ord 25♦30♦ (23.1)
Lawter International $11⅞♦12♦ (20.1)
Malaysian Plantations 37♦ (20.1)
Niugini Mining A$3.15 (20.1)
Noranda Inc. $26¼♦
Nova & Alberta Corp Class "A" Com. $81½♦ (24.1)
Oakwood Petroleums 25 (25.1)
Oil Search 33,A$0.705
Orbit Oil & Gas 30 (25.1)
Overseas Chinese Banking Corp S$8.55 (20.1)
Regal Hotels (hldgs) 10♦
Regent Mining 2
Sky Line Explortn C$11
Southwest Gold mines 1♦
Stelco Class 'A' Conv £11½ (23.1)
Strategic Minerals Corp 26,A$0.51 (20.1)
Vultan Minerals 24♦ (24.1)
Westfield Minerals C$1.51♦ (20.1)

By Permission of the Stock Exchange Council

York Waterworks Co3.5%(Fmly 5%)(Max Div)Ord Stk - £925 50

USM Appendix
No. of bargains included1228

AmBrit International PLC8% Cnv Uns Ln Stk 1998 - 280♦

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

LONDON STOCK EXCHANGE

FT-SE crosses 2,000 in heavy trading

THE NEWS of a modest narrowing in Britain's trade deficit in December reinforced confidence that domestic interest rates may have peaked, and was greeted in the London equity market yesterday by the strongest performance since the Crash of October 1987. Equities closed below the day's best levels, however, despite a powerful opening on Wall Street.

A gain of nearly 50 points sent the FT-SE Index bounding above 2,000, a level not seen since Black Monday. Turnover also reached record levels, with 1,171.8m shares traded through the Seaq system, the highest daily total since statistics were introduced at the time of Big Bang. Trading in individual blue chip stocks was extremely heavy, with the market moving into overdrive after 3.30pm when the new trading Account opened.

At the close, the FT-SE Index was 48.1 points up at 2005.9, more than 11 points under the day's best; this is the first time it has closed above 2,000 since Black Monday when it had fallen almost 250 points. The last calculation before the Crash showed a close of 2301.9.

The equity market has risen by some 223 FT-SE points or 12.5 per cent since the beginning of January as domestic economic data has gradually encouraged belief that the domestic consumer spending is slowing down, rendering further interest rate increases less likely, and perhaps opening the way for an reduction in base rates about the time of the Budget in March.

Excitement quickened over the two week trading Account which ended yesterday and showed a gain of 143.8 FT-SE points. More significant for beleagured London equity traders has been the substantial recovery in trading volumes – Salomon International estimates that the institutions put £120m into London equities yesterday, and have maintained a daily average input of £57m so far this year, compared with a £9m average for 1988.

The December current account deficit of £1.26bn, comfortably below market median forecasts of £1.5bn, was received with exultation in an equity market already moving ahead as institutional investors anticipated good news. The rush to buy flooded the Seaq electronic trading network for a time, forcing the Exchange to declare "fast market conditions", under which traders are not obliged to transact business at their Seaq quotations.

Gilt-edged stocks, although calmer than equities, also took a positive view of the trade figures. Short-dated Government bonds rose by ½ or so, taking their cue from a shading in London money market rates. Gains ranged to ⅝ in medium dated and to ¾ in long-dated Gilts. Bonds were driven ahead by futures trading and by gains in the New York market.

Account Dealing Dates

First Dealings:		
Jan 16	Jan 30	Feb 13
Option Declarations:		
Jan 26	Feb 9	Feb 23
Last Dealings:		
Jan 27	Feb 10	Feb 24
Account Day:		
Feb 6	Feb 20	Mar 6

*New time dealings may take place from 9.00 am two business days earlier

FINANCIAL TIMES STOCK INDICES

	Jan. 27	Jan. 26	Jan. 25	Jan. 24	Jan. 23	Year Ago	1988/89 High	1988/89 Low	Since Compilation High	Since Compilation Low
Government Secs	88.78	88.39	88.53	88.37	88.35	89.72	91.43 (18/4/88)	86.18 (14/12/88)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.12	97.25	97.03	96.91	97.10	95.36	98.67 (25/5/88)	94.14 (8/1/88)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1638.9	1601.3	1580.8	1580.7	1589.5	1435.7	1638.9 (27/1/89)	1349.0 (8/2/88)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	173.9	173.2	171.0	170.6	169.0	261.5	312.5 (7/1/88)	160.7 (3/1/89)	734.7 (15/2/83)	43.5 (26/10/71)

	Jan. 27	Jan. 26	Jan. 25	Jan. 24	Jan. 23	Year Ago
Ord. Dl. Yield	4.49	4.60	4.64	4.64	4.67	4.34
Earning Yld %(full)	11.23	11.50	11.66	11.66	11.75	10.98
P/E Ratio(Net)(☆)	10.81	10.55	10.37	10.36	10.28	11.14
SEAQ Bargains(5pm)	50,982	33,773	39,241	31,642	34,484	26,267
Equity Turnover(£m)†	-	1532.25	1948.92	1327.65	1312.74	1140.28
Equity Bargains†	-	36,425	41,020	36,022	36,425	27,152
Shares Traded (ml)†	-	603.6	718.9	564.7	548.5	437.7

Ordinary Share Index, Hourly changes

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1605.9	1613.4	1620.4	1632.3	1634.6	1642.3	1643.0	1641.8

DAY'S HIGH 1648.2 DAY'S LOW 1605.9

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, ☆Nil 10.74 †Excluding intra-market business.

● S.E. ACTIVITY

Indices	Jan. 26	Jan. 25
Gilt Edged Bargains	105.4	127.9
Equity Bargains	236.0	265.8
Equity Value	3097.1	3939.3
5 – Day average		
Gilt Edged Bargains	113.1	119.9
Equity Bargains	242.0	242.3
Equity Value	3134.7	3213.9

● London Report and latest Share Index: Tel. 0898 123001

Xerox hint at Rank

The frantic activity in shares of leisure group **Rank Organisation** throughout the week continued yesterday when the market got hold of a story suggesting that a predatory share stake could well have been built up in US group Xerox, from which Rank derived pre-tax profits of £150.5m last year. Xerox stock has moved sharply higher, adding some $5 a share, on Wall Street over the past couple of sessions.

The story gave a further big boost to Rank shares, which on Thursday leapt 30 after the excellent preliminary figures. These showed pre-tax profits up 22 per cent to £255m, at the top end of analysts' forecasts. Yesterday Rank jumped 36 to 819p on turnover of 2.4m. In midweek the stock was heavily sold as rumours swept the market that a fund-raising exercise could be on the cards.

Mr Michael Gifford, Rank Organisation's Chief Executive, declined to comment on the Xerox stories yesterday. But analysts refused to dismiss the possibilities of a break-up bid for the US group. "Xerox is a vastly under-appreciated stock in the US. It's reproducing businesses are looking terrific but the stock is being held back by an insurance business that has peaked," was the comment from one analyst.

GrandMet pubs deal

The flood of news from **Grand Metropolitan** continued with the announcement that the group has exchanged over 100 betting shops and 26 tenanted pubs in East Anglia – plus £19m cash – for 52 of leisure group **Brent Walker**'s Cameron/Tolly managed pubs. GrandMet also announced that it will close its East End brewery in Brick Lane in order to redevelop the site, which is close to the lucrative Spitalfields development. GrandMet and Brent Walker shares climbed with the market, and with the announcements generally well-received they both closed 6 better, at 500p and 357p respectively. Turnover in GrandMet reached 6.6m shares.

It was the asset swap with Brent Walker, valued at roughly £55m, which found particular favour with analysts, mostly because the pubs GrandMet has bought from Walker are based in an area where GrandMet's Chef & Brewer and Berni Inns outlets are thin on the ground, while the betting shops they have handed over are in an area, the South East, where GrandMet has long been fully represented.

Mr Martin Hawkins of Kitcat Aitken said that at first glance it looked as if Brent Walker, rather than GrandMet, should have paid out the extra cash on the deal. "However, it seems that GrandMet has got the pick of the Cameron-Tolly pubs, and because they are in good trading sites they are worth a lot in retail and catering terms."

Spectacular gains were marked against several of the blue chip internationals. Among the best were ICI, up 27 at 1133p on turnover of 5.7m shares, and Glaxo, up 37 at 1170p with 5.2m shares traded.

BAT Industries had a less dramatic session, with hints of a management buy-out taken less seriously, but followed the market ahead to close 15 up at 534p. **Beecham** (533p) and **Unilever** (535p) also advanced strongly. Renewed US demand for **Jaguar** sent the shares ahead by a further 17 to 307p.

Heavy trading in British Steel overnight indicated renewed foreign buying on the disclosure that the group is one of the possible purchasers of Klockner, the West German group. At the close, British Steel was 5 higher at 76p, on turnover of 108m shares, easily topping the market turnover tables.

An exception to the general trend was **Consolidated Gold Fields**, which lost 5 to 1295p as profit-takers moved in on the stock.

There was big action all through the banking sector with levels of turnover way above even the levels of the past week or so. Barclays proved to be the outstanding performer in the sector and jumped 22½ to 467½p on much-improved turnover of 5.2m; there was said to have been plenty of switching out of the other banks and into Barclays ahead of the results due on March 2.

Shearson Lehman Hutton Securities, a keen supporter of the banks recently, is forecasting pre-tax profits of £1.335bn for Barclays, while BZW goes for £1.34bn, compared with the LDC provision-affected £339m of the previous year.

Lloyds were also strongly bought and settled 12 to the good at 358p with turnover here at 4.6m. The bank reports annual figures on February 24, and BZW goes for a figure of £985m against the previous year's £248m provision-affected loss. Shearson's estimate for Lloyds is £980m. **Standard Chartered**, where whispers of a possible bid refused to die down, leapt 22 more to 552p. **Natwest** were once again restrained by bad publicity, posting a meagre 4 gain at 573p.

The market response to news of the restructuring of TSB's banking division was clouded by the overall surge in prices, but the shares were aggressively bought by at least three of the leading UK securities houses and put on 6¼ to 122¼p; 7.6m TSB changed hands during the session.

SG Warburg were the best of the merchant banks, with the shares racing ahead to close 16 firmer at 317p; traders said the stock was being chased for two reasons. First, the steep increase in market activity in recent weeks which should prove a major boost to Warburg Securities, widely regarded as the best and most successful of the UK's investment houses, and second, because of it being granted Discount House status by the Bank of England.

Morgan Grenfell, where there were rumours that Dewey Warren's 5.6 per cent stake was being offered around, were a shade easier at 297½p. **Inter City Holdings** jumped 12 to 90p with the long-awaited takeover bid said to be imminent.

Traders were talking of "fantastic pre-crash volumes" in the insurance market. "There were virtually no sellers anywhere" said one. The lifes were highlighted by **Abbey**, up 9 at 316p while **Prudential** jumped 10 to 176½p on volume of 5.3m shares.

Commercial Union shot up 24 to 398½p on heavier-than-normal turnover of 9m with traders reporting big "new-time" buying of the stock. "Adsteam announcing they had increased their stake to over 8 per cent earlier in the week, allied to the market surge, has done wonders for this stock, and there are hints that John Spalvins, the head of Adsteam, has been buying more shares."

This speculation was also good for **Royal Insurance**, where Adsteam has a holding in the region of 7 per cent. Royal shares moved up 16 to 437p. Sun Alliance, where US group Chubb were rumoured to have been increasing their holding earlier in the week, jumped 27 to 1097p.

Weakening crude oil prices after the meeting of OPEC and non-OPEC producers held in London on Thursday, did little to prevent the oil and gas sector staging a broad advance.

Burmah extended their recent Kleinwort Benson-inspired advance, with the shares up 24 more at 547p. They were accompanied by vague takeover speculation - America's Pennzoil and Belgium's Petrofina are among a number of groups said to be keen on the company - but dealers say the main thrust of buying comes from Kleinwort which recently issued a strong buy recommendation on the stock.

British Gas attracted turnover of 18m and rose 3¼ to 175p, while the Warburg's "buy" note boosted **Enterprise** 4 to 554p.

Sovereign Oil continued to reflect the official go-ahead for its Emerald field in the North Sea and optimism over its current drilling operations and put on 8 more to 167p. But **Ultramar** could only manage a 2 gain at 308p after the statement from stake-builders Novерco and Unigesco whose response to a Takeover Panel query over their intentions towards Ultramar was that they "continued to examine all options available to them in relation to their investment."

There was another bout of hectic activity in **Taylor Woodrow** shares, badly affected on Wednesday and Thursday by the failed attempts of Hoare Govett, the broking house, and Hambros, the merchant bank, to place the 15.8m shares they jointly purchased from P & O.

Two substantial trades in Taylor shares, one of 7.3m shares and another of 7.9m led to speculation that one or other of the joint buyers of the stake had placed the majority of its holding, at a loss of some 22 points a share, and retaining some 600,000 shares.

The stories could not be substantiated, but there was a suggestion that Hoare had shifted the block of shares to its parent, Security Pacific to establish a tax loss. Taylor shares closed a net 10 higher at 588p, after extremes of 579p and 598p.

Management buy-out speculation, regarded with scepticism by dealers, lifted George Wimpey to a closing level of 287½p, up 6 on the day. But there were big gains for numerous construction groups expected to get substantial orders from the planned two new underground railways in London estimated to be worth some £3.5bn.

Stores were not left out of the buying spree, with shares rising sharply across the board. Ratners were a feature, up 8 at 203p and buoyed by news that one of its main high street competitors, Jewellers Guild, is to close 30 of its 62 outlets - this after the company, owned by BAT, promised more store openings in 1989.

Dixons, 8 firmer at 160p, remained surrounded by takeover talk, with Boots, up 10 at 253p, the popular choice as likely bidder. An impressive 11m Dixons shares changed hands, while turnover in Boots was equally busy at over 7m shares. Burton were also actively traded, climbing 7 to 205p on volume of nearly 10m shares.

There was plenty of bid speculation in Ward White, which touched 260p at one stage on the story that Woolworth was ready to make an offer. The shares then came off in late trading to close at 254p, a net gain of 17, while Woolworth finished 9 to the good at 279p.

The were substantial volumes traded throughout an electronics sector still excited by the new Telepoint licences awarded by the Government. But action also concentrated in GEC where turnover reached 20m; GEC shares edged up 2 to 221p, while Plessey added 5¼ at 245½p on turnover of 4.6m.

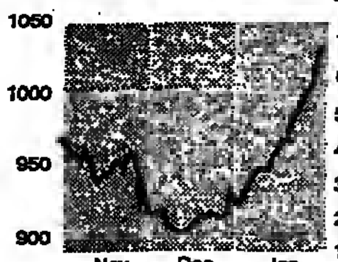
Companies awarded telepoint licences continued to make strong progress with British Telecom heavily traded (12m) and finally 10 up 281p. Cable & Wireless (6.7m) moved up a similar amount to 420p and STC (5.9m) 10 to 313p. Ferranti (11m) ran into profit-taking and could manage a minor gain at 107p.

The two **Racal** companies, Electronics and Telecom, attracted turnover of 14m apiece. The latter closed 7 higher at 249p and the former 4 to 325p. Doubled profits saw Misys jump 10 to 354p while the NatWest computer contract continued to boost Logica, 11 to 397p. Telecomputing, on the other hand, dropped 10 to 98p after the loss.

Activity in traded options reached its highest level since the Great Crash of October 1987, on the back of the jump in the underlying market, and the stimulus of dealings for the new account.

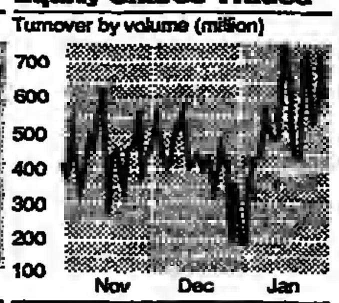
■ Other market statistics, including the FT-Actuaries Share Index, Page 9.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	4,300	149	+4	Commercial Union	9,100	[illegible]	[illegible]	Land Securities	1,900	570	+15	[illegible]	595	477	
Allied-Lyons	3,000	473	+2	Cons. Gold Fields	1,300	1295	[illegible]	Laporte	1,500	417½	+11½	Royal Bk. Scotland	1,100	387	+5
Amstrad	10,000	194½	+10½	Courtaulds	[illegible]	[illegible]	[illegible]	Legal & General	2,000	332	+9	Royal Insurance	2,000	437	+16
Argyll Group	4,500	[illegible]	[illegible]	[illegible]	12,000	[illegible]	[illegible]	Lloyds Bank	4,600	[illegible]	[illegible]	STC	5,900	313	+10
Ass. Brit. Foods	1,500	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	LASMO	3,400	[illegible]	[illegible]	[illegible]	2,000	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LEADERS AND LAGGARDS

Percentage changes since December 30 1988 based on Thursday January 26 1989

Building Materials	+	13.92	Packaging & Paper	+	8.77
Agencies	+	12.31	Banks	+	8.73
Electronics	+	11.59	Oil & Gas	+	8.72
Shipping & Transport	+	10.87	Electricals	+	8.66
Capital Goods	+	10.83	Food Manufacturing	+	8.65
Other Industrial Materials	+	10.63	Publishing & Printing	+	8.31
Food Retailing	+	10.41	Contracting, Construction	+	8.26
Motors	+	10.29	Stores	+	8.14
Mechanical Engineering	+	10.20	Insurance(Life)	+	8.08
Brewers and Distillers	+	9.60	Metals & Metal Forming	+	7.80
Industrial Group	+	9.55	Conglomerates	+	7.74
500 Share Index	+	9.43	Textiles	+	7.66
Health & Household Products	+	9.36	Insurance(Composite)	+	7.61
Other Groups	+	9.11	Insurance(Brokers)	+	7.56
All Share Index	+	9.08	Financial Group	+	7.50
Consumer Group	+	9.01	Overseas Traders	+	7.13
Investment Trusts	+	8.98	Gold Mines Index	+	6.52
Mining Finance	+	8.88	Telephone Networks	+	6.22
Leisure	+	8.84	Property	+	6.07
Chemicals	+	8.81	Merchant Banks	+	3.60

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	109-20	+12/32	10.25	10.38	10.69
		9.750	1/98	99-30	+16/32	9.76	9.90	10.14
		9.000	10/08	100-04	+17/32	8.98	9.07	9.23
US TREASURY *		8.875	11/98	99-22	+13/32	8.92	9.00	9.19
		9.000	11/18	102-22	+21/32	8.74	8.87	9.00
JAPAN	No 111	4.800	6/98	98.7373	+0.320	4.80	4.87	4.77
	No 2	5.700	3/07	109.0457	+0.210	4.77	4.80	4.77
GERMANY		6.375	11/98	98.0000	+0.025	6.68	6.68	6.59
FRANCE	BTAN	8.000	1/94	97.4317	-0.153	8.65	8.56	8.60
	OAT	9.500	5/98	105.7300	-0.060	8.66	8.59	8.67
CANADA *		10.250	12/98	101.7500	+0.500	9.98	10.04	10.15
NETHERLANDS		8.7500	10/98	100.1250	-0.150	8.80	8.75	6.60
AUSTRALIA		12.000	7/99	94.9426	+0.054	12.88	13.02	12.84

London closing, *denotes New York morning session

Yields: Local market standard Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

NEW HIGHS AND LOWS FOR 1988/89

NEW HIGHS (385).

BRITISH FUNDS (5) Treas. 3pc 1989, Conv. 3½pc '61 Aft, Treas 3pc '66 Aft, Treas. 2½pc I.L. 2013, Treas. 2½pc I.L. 2016, AMERICANS (7) CANADIANS (1) BANKS (16) BREWERS (4) Clark (M.), Fuller S.T.A., Greene King, Scott & New., BUILDINGS (16) CHEMICALS (5) Caird Grp., Evode, Jeyes, Rechem Envm'l. Servs., Yorkshire Chems., STORES (5) Benlalls, Chelsea Man, Dunhill, United Inc., Lloyds Chem. 7.5p Cm. Pf., ELECTRICALS (13) ENGINEERING (15) FOODS (4) Ass. Brit. Foods, Booker, Meat Trade Sup., Tate & Lyle, INDUSTRIALS (41) Amber Ind., Astra, BOC, Barry Wehmiller, Bowater Inds., Chieftain, Christies Int., Cookson, Cooper (A.), CoselR, Dewsongroup, Electrolux, Fisons, Gestetner, Glaxo, Grampian Hldgs., Granada, Hanson 10pc Cv. Ln., Hawthorn Leslie, Hepworth, Huntingdon Int. Hdgs., ISA Int'l., Jardine Hdg., Jardine Strategic, Johnson Cleaners, Kershaw (A.), Lep, Marling, NMC 7.75pc Acc. Rd. Pf., Nu-Swift, Pacific Dunlop, Porter Chadburn, Reckitt & Colman, Serco, Siebe, Sthn. Business, Unilever N/V, WSP, Whatman Reeve, Willes (J.), Wolseley, INSURANCE (6) Amer. Int'l. Grp., GRE, Sedgwick, Sun Alliance, Trade Indemnity, LEISURE (11) MOTORS (1) Gen Motors, NEWSPAPERS (6) PAPERS (5) PROPERTY (14) SHIPPING (3) C.S.L. Corp., Mersey Dk. Units, Tiphook, TRUSTS (129) OVERSEAS TRADERS (1) Harrisons Cros., MINES (5) ACM Gold, Emperor Mines, Anglesey Mining Wrnts., RTZ, Do. 8½pc Ln. '95-2000.

NEW LOWS (14).

STORES (2) Pavilda, Vivat, ELECTRICALS (3) Appl'd Holographic, Cranbrook Elect., Personal Comps., INDUSTRIALS (2) DSC, Rolfe & Nolan, Rural Planning, LEISURE (1) McInaire Visions, PROPERTY (1) Merchant Mand. Ests., TEXTILES (1) Leeds Grp., TRUSTS (1) Graham Rintoul Fd., MINES (2) Eastmet, Highwood Res.

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	103	0	7	347	129	78
Corps. Dom. & Foreign Bonds	10	1	40	58	28	173
Industrials	896	182	510	3,149	1,415	3,371
Financial and Props	440	53	177	1,463	442	1,445
Oils	46	11	43	161	107	232
Plantations	0	0	12	11	4	45
Mines	45	26	115	283	141	506
Others	113	43	78	386	350	427
Totals	1,653	316	982	5,858	2,614	6,277

COMMODITIES

WEEK IN THE MARKETS

Supply fears keep zinc on the boil

WHENEVER ONE zinc supply *disruption is solved, two new* ones take its place – at least that is how it appears at the momant. And with the strength of the galvanised steel sector keeping demand at a record level fresh price peaks for the metal are being scaled with almost monotonous regularity.

On four out of the five days this week the LME's cash and three months zinc prices closed at all time highs – yesterday's $56.50 rise for cash high grade metal extending the gain on the week to $121.50, at $1,879 a tonne.

The week opened with news of the settlement of a 25-day strike at Samin's 75,000 tonnes-a-year smelter in Sardinia. But that was quickly brushed aside as traders responded to reports of labour unrest threatening the important Torreon smelting centre in *Mexico*, and a possible reduction in Japanese first quarter smelter output because of delays in agreeing contracts with Australian suppliers.

Later came the announcement of a *force majeure* declaration on shipments from Curragh Resources' Faro mine in the Yukon becanee avalanches and snowslides had disrupted transport. The company said the weather was the *worst in 50 years* and added that it was impossible to predict when deliveries would be resumed.

Adding to the gloomy supply outlook, meanwhile, is an inter-union dispute which is threatening supplies of zinc from Outokumpu, the Finnish mining company.

The Finnish transport workers' union announced yesterday that from Monday it would stop the company's imports and exports at the ports because of a demarcation dispute over whether its members or those of the metal workers' union should handle movement of goods at Outokumpu's Kokkola zinc plant.

Meanwhile, the plant, which has suffered a 10-day stoppage earlier this month, is facing the threat of another strike over pay from next Wednesday, a company official said.

Potentially most damaging of all, however, is the possibility of a renewed national miners' strike in Peru, which normally supplies about 11 per cent of the non-communist world's zinc.

Last year 87 days production was lost in two protracted strikes. The second, lasting 57 days, ended in mid-December, but the miners now claim that employers are not honouring the terms of the settlement and on Thursday they began a three-day meeting to discuss what action to take in support of their demands.

Although another Peruvian strike would also cause copper supply problems – the country normally accounts for about 6 per cent of western world supplies – that market came under severe pressure in midweek, with the LME cash price losing more than £100 a tonne on Wednesday and Thursday. Dealers explained that sellers had been encouraged by the recent rise in stocks and freer availability of supplies.

Yesterday, however, it bounced back with a vengeance, and the cash price's £53.50 rise left it only £18.50 down on the week at £1,916.50 a tonne.

On the London bullion market yesterday gold was fixed below $400 a troy ounce *for the first time since October* 5. As the surge in equity values attracted money away from the precious metal the price dipped to $399.75 an ounce, down $5.75 on the day and $5.50 on the week.

Cocoa had a relatively quiet week as attention was focussed on the meeting of the International Cocoa Organisation (ICCO) in London.

The lack of progress at the talks, as producer and consumer delegates *remained* deadlocked over whether or not to lower the price support range, came as no surprise and had little if any impact on the market.

Last night the meeting appeared to be heading towards complete failure with *no agreement* on any of the key issues – the price range, the growing arrears on export levy payments or the introduction of a withholding scheme to take a further 120,000 tonnes off the market.

The world sugar market continued the slide which began shortly *after Christmas, with* the London daily raws price slipping $14.20 to $235.80 a tonne.

In its monthly sugar review C. Czarnikow, the London trade house, said the firm undertone which had built up late last year appeared to have evaporated.

"Whatever the expectations about a tighter balance at a later stage this year, prompt supplies are more than ample and with no firm inquiry from the Soviet Union or China or China there has been little to sustain the *higher levels* for raw sugar," Czarnikow explained.

Richard Mooney

APPOINTMENTS

Vauxhall Motors directors

■ **Mr Peter R. Batchelor** has been appointed executive *director, sales and marketing,* VAUXHALL MOTORS. Formerly director of marketing, Mr Batchelor has overall responsibility for sales and marketing of Vauxhall cars and Bedford vans in the UK.

Mr John H. Butterfield, formerly manager, marketing communications, has become sales director with responsibility for the field operations activity.

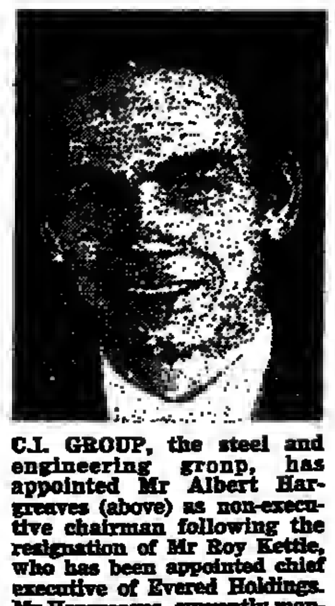
Mr Giovanni P. Cantarella, formerly manager, vehicle sales, servicing and marketing with GM Italia in Rome, has been made marketing director with responsibility for marketing planning and communications.

■ **Mr Bill Francis,** formerly president of the Institution of Civil Engineers, has been appointed to the board of J.F. DONELON & CO as an executive director.

■ **Mr Andrew D.F. Lewis** has been appointed a non-executive director of RADIO CLYDE. He is chairman of North of Scotland Radio.

■ AMALGAMATED FINANCIAL INVESTMENTS has appointed **Mr Ellsworth Donnell** and **Mr John Scholes** as directors.

■ **Mr Mike Cunnell** and **Mr Caspar Weston** have joined the board of SUMIT EQUITY VENTURES, SUMIT VENTURE FUND ONE and SHARP TECHNOLOGY FUND. Dr Cunnell has been appointed to the board of SUMIT plc. Mr Ran Meinertzhagen retired from the boards of Sumit Equity Ventures and Sumit plc in December.



C.I. GROUP, the steel and engineering group, has appointed **Mr Albert Hargreaves** (above) as non-executive chairman following the resignation of **Mr Roy Kettle,** who has been appointed chief executive of Evered Holdings. Mr Hargreaves, *currently* managing director of C.I.'s engineering division, will relinquish all executive responsibilities but will devote time to investor relations for the group. **Mr Cedric Grew** remains chief executive and will also assume responsibility *for the engineering division.*

■ **Mr George Martin Tunney** has been appointed a director of THE WOLVERHAMPTON & DUDLEY BREWERIES from February 1 with responsibility for wholesale trade.

■ **Mr Bryan Ronan,** managing director of Metro-Cammell and Metro-Cammell Weymann, has joined the board of the LAIRD GROUP.

■ MGM ASSURANCE has made **Mr Robin Crowther** a director. He was assistant general manager (investments).

■ **Mr Anthony J.R. Purssell** succeeds **Mr Oliver Steel** as chairman of the Thames Valley & South Midlands regional board of LLOYDS BANK. Mr Purssell is a member of the board of the Civil Aviation Authority and a governor of Ashridge Management College. **Admiral Sir David Halifax** took over from **Colonel Sir Gordon Palmer** as a regional director on October 1. He retired from the Navy at the end of 1987 and became constable and governor of Windsor Castle.

■ RUDDERHEAD INVESTMENTS has made **Mr Julian N. Andersen** its financial director. Mr Andersen, who was previously an overseas partner at Ernst Whinney, will also be financial director of Richards Hogg, the main trading subsidiary in the UK.

■ **Mr Mark St. Giles** has been appointed a director and chairman of PRIVATE CAPITAL (FINANCIAL SERVICES), part of the Private Capital Group. He is on the membership committee of LAUTRO and chairman of the Money Management Council.

■ Following its acquisition by Cater Allen, SHEPHARDS MONEYBROKERS (SML) has made the following board changes. **Mr James Barclay** and **Mr Roger Lilley,** directors of Cater Allen Holdings, have joined the board. Mr Barclay, the Cater Allen chairman, also becomes non-executive chairman of *SML*. **Mr Peter Wills** is now deputy chairman and chief executive and **Mr Tony Hibbett,** deputy chief executive of *SML*. **Mr Norbert Stadler** and **Mr Mark Redmayne** of BAII, the vendors of SML, have resigned as directors.

■ **Mr Kevin Doherty** has been appointed managing director of SYMONDS' CIDER AND ENGLISH WINE CO, a member of the *Bulmer Group. He was* marketing manager, soft drinks, for H.P. Bulmer Drinks.

■ LINCOLN HOUSE, the home fashion group, has appointed **Mr Ian Topping,** group development director, its chief executive. **Mr Peter Hawksworth,** managing director of the group's tile and bathroom distribution division, has joined the board. **Mr Duncan Robertson** has also joined the board as finance director.

■ **Mr Martin Graham** has been appointed operations director of LOWFIELD DISTRIBUTION. He was general manager of Christian Salvesen's Droitwch depot.

■ **Miss Diana Noble** has been made a partner of SCHRODER VENTURES, the venture capital and management buy-out arm of the Schroder Group.

■ **Mr D. Stuart McGregor** has been appointed director, landfill division at CLEANAWAY, the waste management company jointly owned by GKN and Brambles.

■ **Mr Michael Morley** has joined GLOBE INVESTMENT TRUST as a non-executive director. He is deputy chairman and chief executive of Portals Holdings.

■ *FOOD BROKERS* has appointed **Mr Victor Cracknell** as deputy chairman. He remains personnel director.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
00 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	45.64	46.06	48.99	+0.39	5.59
Gilts & Fixed Int	6	114.0	114.0xd	121.1	+0.3	8.26
High Inc Equity	6	122.7	125.0xd	133.6	+1.6	4.45
Worldwide Bond	6	189.0	189.0	200.3	+0.2	4.84
Capital Growth						
American Growth	6	152.5	154.6xd	164.4	+2.0	1.32
Asian Pacific	6	74.75	75.81xd	81.00	+0.80	1.33
Assets & Earnings	6	145.1	149.68	159.1	+1.0	2.51
Capital Reserve Acc	0	82.62	82.62	82.79	+0.16	4.05
Commdty & Energy	6	96.06	96.06	102.0	+1.0	0.00
1992 Enterprise	6	50.06	51.07	54.32	+0.44	3.31
European Capital	6	76.75	77.22	82.14	+0.17	0.91
General	6	163.4	166.4	177.0	+5.2	2.54
Japan	6	102.0	103.7	110.3	+0.7	0.00
Mastertrust	6	76.35	76.35	81.66	+0.72	1.61
UK Growth Acc	6	179.6	187.8	199.7	+1.2	1.33
UK Growth Dist	6	120.5	126.0	134.0	-0.0	1.94
US Emerging Cos	6	46.46	47.85	50.93	+0.M	0.00
Income & Growth	6	271.9	277.6	295.3	+4.1	3.22
Ethical	6	44.39	45.66	48.57	+0.49	2.57

Abtrust Management Ltd (1000)H
10 Queens Terrace, Aberdeen AB9 1QJ 0224 633070

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American	5¼	41.98	41.98xd	44.66	+0.42	1.93
Australian	5¼	23.99	23.89	25.42	+0.00	1.22
European	5¼	50.54	50.54	53.77	-0.00	0.00
Extra Income	5	40.36	40.36xd	42.04	-0.46	4.66

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♣ - 1101 to 1400 hours; ▲ - 1401 to 1700 hours; ♦ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

Other explanatory notes contained in last column of the FT Unit Trust Information pages.

هكذا من الأصل

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Wardley Unit Tst Mngrs Ltd (0900)F						
99, Bishopsgate, London, EC2P 2LA. 01-374 0861						
American ♦	5¼	59.22	59.22	63.35	-0.47	1.8
Intl Growth	5¼	70.08	70.08	74.95	-0.30	0.4
Income ♦	5¼	122.6	124.6	133.3	+0.5	5.8
Japan Growth	5¼	202.9	206.1	220.5	+1.40	0.1
Pacific Perf	5¼	126.9	126.9	135.7	-1.10	0.5
Small Co's ♦	5¼	144.6	144.4	154.4	-1.20	1.6
Technology	5¼	29.75	29.75	31.81	-0.25	0.1
Australia	5¼	62.86	62.86	67.22	-0.34	2.7
UK Trust ♦	5¼	172.9	172.9	184.9	-1.10	2.7
European Growth ♦	5¼	53.12	53.79	57.54	-0.20	0.1
Hong Kong ♦	5¼	33.89	33.89	36.24	-0.70	1.6
Intl Income	5¼	20.05	20.05	21.44	+0.17	8.0
S'pore & Malaysia	5¼	24.23	24.23	25.91	-0.38	0.3
British Winners ♦	5¼	26.76	26.98	28.86	-0.80	2.4
Waverley Unit Tst Mngmt Ltd (1000)F						
13 Charlotte Sq, Edinburgh 031-225 1551						
Australasian Gold	5	17.31	17.31	18.41	-0.07	0.00
Pacific Basin	5	25.00	25.00	26.59	-0.21	0.60
Can Balanced Gwth ♦	5	45.61	45.61	48.52	[illegible]	[illegible]
Ginnie Mae ♦	4	0.9505	0.9505	0.9901	[illegible]	[illegible]
Penny Share	5¼	27.30	27.30	29.04	-0.27	0.50
Wellington Fund Mngrs Ltd (1200)F						
2, London Bridge, SE1. 01-407 4404						
Wellington Income	5¼	118.8	120.4	128.1	-2.1	4.79
Wellington Growth	5¼	181.9	183.7	195.4	-1.7	1.35
Wessex Asset Management (1330)F						
1 Richmond Hill, Bournemouth BH2 6RW 0202 299432						
Wessex UK Gwth	4½	102.23	107.56	112.56	+3.04	–
Whittingdale Unit Tst Mgmt Ltd						
2 Honey Lane, London EC2V 8BT 01-606 3132						
Challenger ♦ F	1¼	53.89	53.89	54.58	+0.05	0.00
Short Dtd Gilt ♦ F	1¼	80.59	80.59	81.60	+0.02	8.77
U.S. Govmt Bond ♦ F	[illegible]	.5476	.5476	.5480	[illegible]	[illegible]
Willbro Financial Services Ltd (0905)F						
PO Box 515 Austin Friars, London EC2 01-588 7511						
Aust Friars W'wide	5	160.1	161.4	171.71	—	3.07
Windsor Trust Mngrs Ltd (1000)F						
83 Kingsway, London, WC2B 6SD 01-405 8331						
Capital & Equity ♦	5	60.51	62.95	66.97	+0.13	[illegible]
European ♦	5	55.00	55.56	59.11	+0.42	0.51
Far Eastern ♦	5	54.74	54.74	58.04	+1.30	1.26
Growth ♦	5	83.35	87.02	92.58	+0.41	1.82
Income ♦	5	80.71	82.52	87.79	[illegible]	[illegible]

	Bid Price	Offer Price	+ or -	Yield Gross
Albany Life Assurance Co Ltd				
3 Darkes Lane, Potters Bar EN6 1AJ 0707 42311				
Life Funds				
Brit Blue Chip Fd Acc(z)	121.8	128.2	+1.4	–
Equity Fd Acc(z)	[illegible]	1011.7	+7.9	–
European Fd Acc(z)	207.3	218.1	+0.3	–
Intl Fixd Int Fd Acc(z)	199.2	209.6	-0.2	–
Fixed Int Acc(z)	[illegible]	[illegible]	-0.5	–
Gtd Money Fd Acc(z)	227.9	[illegible]	+0.3	–
High Income Fd Acc(z)	108.0	113.6	+0.5	–
Intl Man Fd Acc(z)	[illegible]	[illegible]	+1.8	–
Japan Fd(z)	299.9	315.6	+2.1	–
UK Smllr Co's Fd Acc(z)	106.1	111.6	+0.6	–
Global Metro	97.9	103.0	+0.3	–
UK Metro	[illegible]	[illegible]	+0.4	–
Nth American Fd Acc(z)	[illegible]	128.3	+1.9	–
Pac Basin Fd Acc(z)	135.7	142.8	+1.1	–
Prop Fd Acc(z)	312.4	328.8	+0.3	–
Multiple Inv Acc(z)	653.3	687.7	+3.5	–
Pension Funds				
Brit Blue Chip Acc(z)	131.1	138.0	+2.1	–
Eq Pen Fd Acc(z)	[illegible]	[illegible]	+20.3	–
Euro Fd Acc(z)	[illegible]	271.7	+0.7	–
Fixed Int. Acc.(z)	[illegible]	725.0	+0.6	–
Gt Money Pn Acc(z)	403.3	424.5	+0.2	–
High Interest	135.0	142.1	+0.1	–
High Income Fd Acc(z)	111.5	117.3	+0.7	–
Intl Man Fd(z)	[illegible]	[illegible]	+2.0	–
Jap Pen Fd Acc(z)	[illegible]	[illegible]	+0.3	–
UK Smllr Co's Fd Acc(z)	109.4	115.1	+0.9	–
Global Metro	97.6	104.8	+0.3	–
UK Metro	105.0	110.4	+0.8	–
N Am Pn Fd Acc(z)	196.7	207.0	+2.2	–
Pac Basin Fd Acc(z)	[illegible]	161.6	+1.6	–
Property(z)	[illegible]	359.1	+0.1	–
Multiple Inv Pens Acc(z)	[illegible]	1357.1	+9.4	–
Broker Funds				
Prof. Pen. Fd	90.8	95.6	+0.8	–
YRA Strategy	113.6	119.58	+0.6	–
Langham Dollar (SP)	[illegible]	250.6	+2.5	–
Allied Dunbar Assurance Plc				
Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514				
Fixed Int. Dep. Acc	[illegible]	347.2	+0.1	–
Equity Acc	[illegible]	832.4	+11.2	–
Property Acc	478.5	503.7	+0.5	–

OTHER UK UNIT TRUSTS

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Norwich Union Life Insurance Soc.

Pearl Assurance (Unit Funds) Ltd

Phoenix Assurance Co Ltd

Pioneer Mutual Insurance Co Ltd

Premium Life Assurance Co Ltd

Prolific Life & Pensions Ltd

Property Equity & Life Ass. Co

Property Growth Assur Co Ltd

Providence Capital Life Assc. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Assc. Assn.

Prudential Assurance Co

Prudential Holborn Life Ltd

Prudential Holborn Pensions Ltd

Prudential Pensions Limited

Regency Life Assurance Co Ltd

Reliance Mutual

Royal Heritage Life Assurance Ltd

Royal Heritage Life Assurance Ltd—Contd.

Royal Life Insurance Ltd

Royal Liver Assurance

Save & Prosper Group

Scottish Amicable

Scottish Equitable Life Assc. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Skandia Life Assurance Co Ltd

Skandia Life Assurance Co Ltd—Contd.

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd

Sun Life Unit Assurance Ltd

Sun Life Unit Assurance Ltd—Contd.

Swiss Life Pensions Ltd

TSB Life Ltd

Target Life Assurance Co Ltd

Teachers' Assurance Company Ltd

Tunbridge Wells Equitable

UK Life Assurance Co Ltd

Wesleyan & General Assurance Soc

Windsor Life Assur Co Ltd

Zurich Life Assurance Co Ltd

MANAGEMENT SERVICES

Knight Williams & Company Ltd

Lamont & Partners Plc

M & E Financial Management Plc

March Financial Management Ltd

Noble Lowndes & Partners Ltd

The Normington Group

O'Halloran & Co/Consultants

PBR Fund Management Ltd

The Porchester Group

Roxborough Financial Management Ltd

Sharp (Albert E.) & Co

Sittala Fund Managers Limited

Tyrrell Investment Mngt. Ltd

Towry Law & Co

University Medical General Ltd

Yorkshire & Lancashire Investment Mgt.

Stewart Ivory

The Analysis Group PLC

Atkins Financial Services Ltd

Blackstone Franks Plc

Bryan Walls & Partners Ltd

Cameron Law & Company Ltd

James Campbell & Son Financial Services

Chase de Vere PLC

Clifton Financial Mgmt Ltd

Brunswick Mayne Plc

First Financial Services PLC

The Fitzwilliam Group

Gartmore Fund Managers Ltd

Hinton Hill (L & P) Ltd

Investment Portfolio Services Ltd

Johnson Fry Financial Services Ltd

OFFSHORE AND OVERSEAS

GUERNSEY AUTHORISED

Framlington Overseas Fund Mngt Ltd

Guinness Flight Fd Mngrs (Guernsey) Ltd

Hambros Fd Mgrs (CI) Ltd

Kleinwort Benson (Guernsey) Fd Mngrs Ltd

NM Schroder Financial Mgmt Intl Ltd

IoM AUTHORISED

Allied Dunbar International Fund Mgrs.

Prudential Intl Financial Services Ltd

Quilter International Management Ltd

Rothschild Asset Management

Royal Bank of Canada Funds

Touche Remnant (Guernsey) Limited

JERSEY AUTHORISED

Capital House Fund Mngrs. (C.I.) Ltd

Citibank (CI) Ltd "Citifunds"

EBC Trust Company (Jersey) Ltd

Foreign & Colonial Mngmt (Jersey) Ltd

John Govett (Channel Islands) Ltd

Lloyds Bank (CI) U/T Mgrs.

MIM Britannia International Limited

Royal Trust Jsy Fd Mngt Ltd

Save & Prosper International

TSB Trust Funds (CI)

Tyndall International (Jersey) Ltd

Warburg Investment Management Jersey Ltd

Barclays Intl Funds

Equity & Law International Fund Mgrs Ltd

Gartmore Fund Managers (IoM)

Mercury Fund Managers Isle of Man Ltd

Tyndall International (Isle of Man) Ltd

BERMUDA AUTHORISED

GT Management Plc

OFFSHORE INSURANCES

Albany International Assurance Ltd

CMI Insurance Co Ltd

Eagle Star International

Equity & Law Intl Life Assce Co Ltd

Eurolife Assurance Group

Finance International Ltd

Hansard International Ltd

Isle of Man Assurance Ltd

NM Schroder Life Assurance Intl Ltd

Premium Life Assurance Intl Ltd

Providence Capital International Ltd

Royal Life Intl. Ltd

Royal Skandia Life Assurance Ltd

Sun Alliance International Life

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1988/89 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
101¾	[illegible]	Treas 9½pc Cnv 1989	99	+⅛	9.56	12.23
98⅛	[illegible]	Treas 3pc 1989	98	+⅛	3.06	9.57
102¾	98	Treas 10½pc 1989	99	+⅛	10.57	12.14
102	[illegible]	Exch 10pc 1989	[illegible]	+⅛	10.10	12.20
103¾	[illegible]	Exch 11pc 1989	99	+⅛	10.07	11.96
97⅞	94	Treas 5pc 1986-89	96	.....	5.19	10.43
104	98	Treas 10¼pcCv '89	99		10.31	11.05
107½	101	Treas 13pc 1990‡‡	101	+⅛	12.79	11.15
104¼	99	Exch 11pc 1990‡‡	99	+⅛	11.01	11.08
107⅞	100	Exch 12½pc 1990	[illegible]	+⅛	12.33	11.17
93⅝	90	Treas. 3pc 1990	92	+⅛	3.24	9.30
99⅞	95	Treas 0¼pc 1987-90‡‡	[illegible]	+⅛	0.54	10.96
102¼	[illegible]	Treas. 8pc Cv 1990 ‡‡	[illegible]	+⅛	0.15	9.40
103⅞	97¼	Treas. 10pcCv 1990	98	+⅛	10.13	10.83
91	87	Exch 2½pc 1990	89½	.....	2.80	9.07
107¼	100	Treas 11¾pc 1991	101	+⅛	11.55	10.74
95	89	Funding 5¾pc '87-91‡‡	91½	+⅛	6.28	10.26
90	86	Treas. 3pc 1991	87		3.41	9.00
105	97	Treas 10pc Cv '91 ‡‡	99⅞	+⅛	10.02	10.10
107	98	Exch. 11pc 1991	101		10.88	10.51
98	91	Treas. 8pc 1991	94		8.51	10.42
113	103	Treas 12¼pc 1992‡‡	106		11.98	10.20
104	96⅝	Treas 10pc 1992	99		10.06	10.24
98	91¼	Treas. 8pc 1992 ‡‡	93		8.52	10.29
106⅝	98	Treas 10½pc Cv 1992‡‡	100		10.43	10.24
86	81	Treas. 3pc 1992	84¼		3.57	8.55
112	102	Exch. 12¾pc '92	105		11.59	10.31
117	106	Exch 13½pc 1992	[illegible]		12.31	10.24
97⅞	91	Treas 8¼pc 1993	94		8.76	10.04
105⅞	96	Treas 10pc 1993‡‡	[illegible]		9.99	9.97
115	105	Treas 12½pc 1993‡‡	[illegible]		11.51	10.06
93	85¼	Funding 6pc 1993‡‡	[illegible]	.....	6.91	9.57
121	110	Treas 13¾pc 1993‡‡	113	+⅛	12.10	10.09

Five to Fifteen Years

1988/89 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
101	90	Treas. 8½pc 1994	94¼xd	+⅛	9.03	10.01
94	90	Treas 0½pc 1994 A	92xd	.....	9.07	10.13
125⅝	113	Treas 14½pc 1994‡‡	117½xd	+⅛	12.00	10.02
120	109	Exch 13½pc 1994	113¼	+⅛	11.92	10.15
105	96	Treas. 10pc Ln. 1994‡‡	100	+⅛	9.97	9.90
116	106	Exch 12½pc 1994	109¾xd	+⅛	11.37	10.13
101	92	Treas 9pc 1994‡‡	96	+⅛	9.35	9.85
114	104	Treas 12pc 1995	108	+⅛	11.08	10.11
83½	77	Exch 3pc Gas 90-95	77½		3.76	7.03
106	97	Exch. 10¼pc 1995	101¼	+⅛	10.12	9.98
120	109½	Treas 12¾pc 1995‡‡	113	+⅛	11.25	9.98
126	114	Treas. 14pc '96	119	+⅛	11.76	10.12
101	92	Treas. 9pc 1992-96‡‡	96	+⅛	9.30	9.64
133⅝	122	Treas 15¼pc 1996‡‡	126	+⅛	12.07	10.04
123	112	Exch 13¼pc 1996‡‡	116	+⅛	11.38	9.97
105⅝	96	Conversion 10pc 1996	100	+⅛	9.93	9.85
124	113	Treas 13¼pc 1997‡‡	117	+⅛	11.25	9.96
108	99	Exch 10½pc 1997	103½xd	+⅛	10.15	9.87
98	90	Treas 8¾pc 1997‡‡	94xd	+⅛	9.23	9.66
134	123	Exch 15pc 1997	127	+⅛	11.73	10.10
104	95	Exch. 9¾pc 1998	99	+⅛	9.76	9.77
87	80	Treas 6¾pc 1995-98‡‡	84	+⅛	8.03	9.35
140¼	129	Treas. 15½pc '98‡‡	133	+⅛	11.61	10.00
118	108	Exch. 12pc 1998	113	+⅛	10.61	9.87
103	95¼	Treas 9½pc 1999‡‡	99	+⅛	9.50	9.50
120	110	Exch. 12¼pc 1999	115	+⅛	10.64	9.85
109	100	Treas. 10½pc 1999	104	+⅛	10.02	9.75
107	99	Conversion 10¼pc 1999	103	+⅛	9.92	9.79
100¼	86	Treas. 8½pc Ln 2000‡‡	93	+⅛	9.11	9.49
99	92	Conversion 9pc 2000‡‡	96xd	+⅛	9.33	9.52
126	116¼	Treas. 13pc 2000	121¼	+⅛	10.73	9.87
106	98	Treas 10pc 2001	102xd	+⅛	9.73	9.60
129	119	Treas. 14pc '98-01	123	+⅛	11.34	10.05
104	97	Conversion 9¾pc 2001	101xd	+⅛	9.63	9.57
118	108	Exch. 12pc '99-02	113	+⅛	10.62	9.92
107	99	Conversion 10pc 2002	103	+⅛	9.66	9.53
105	97	Treas 9¾pc 2002	102xd	+⅛	9.56	9.49
99	92	Exch. 9pc 2002	96	+⅛	9.30	9.42
131	121	Treas. 13¾pc 2000-03	125	+⅛	10.93	9.93
108	100¼	Treas 10pc 2003	104	+⅛	9.53	9.37

Over Fifteen Years

1988/89 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
117	108¼	Treas. 11½pc 2001-04	112	+⅛	10.24	9.79
108¼	100	Treas. 10pc 2004	105	+⅛	9.46	9.29
61	54⅝	Funding 3½pc '99-04	59	+⅛	5.93	8.23
104	97	Conversion 9½pc 2004	[illegible]	+⅛	9.31	9.25
104	97	Conversion 9½pc 2005	102	+⅛	9.29	9.22
113	105	Exch.10½pc 2005	110	+⅛	9.49	9.23
128	118	Treas. 12½pc 2003-05	124	+⅛	10.67	9.43
92	85	Treas. 8pc 2002-06‡‡	90	+⅛	8.89	9.14
106	99	Conversion 9¾pc 2006	105	+⅛	9.29	9.17
121	112	Treas. 11¾pc 2003-07	117	+⅛	9.96	9.43
97	89	Treas 8½pc 2007 ‡‡	95	+⅛	8.92	9.03
137	127	Treas. 13½pc '04-08	133	+⅛	10.11	9.31
101	94	Treas. 9pc 2008 ‡‡	100	+⅛	9.00	8.99
92	85	Treas 8pc 2009	91	+⅛	8.76	8.93
101	93¼	Conv 9pc Ln 2011 ‡‡	101	+⅛	8.91	8.89
68	62	Treas. 5½pc 2008-12‡‡	68	+⅛	8.08	8.70
89¼	82	Treas. 7¾pc 2012-15‡‡	88¼	+⅛	8.71	8.84
131¼	121	Exch. 12pc '13-'17	130	+⅛	9.19	8.91

Undated

BRITISH FUNDS—Contd

1988/89 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
44	41	Consols 4pc	44¼xd	+⅛	0.94	–
40	37	War Loan 3½pc‡‡	40	+⅛	0.75	–
63	48	Conv. 3½pc '61 Aft	63	+1⅛	5.56	–
33	30	Treas. 3pc '66 Aft	33	+⅛	8.98	–
28	26¼	Consols 2½pc	28	+⅛	8.87	–
29	26¼	Treas. 2½pc	28¼	+⅛	8.89	–

Index-Linked

1988/89 High	Low	Stock (b)	Price £	+ or –	Yield (1)	(2)
125	117½	Treas 2pc IL '90(84.6)	125¾	.....	0.20	2.92
105	99	Do 2pc '92‡‡(97.8)	104	+⅛	2.65	3.52
96	92½	Do. 2 '94 (102.9)	96¼	+⅛	3.12	3.63
142½	127⅝	Do. 2pc '96(67.9)	140¾	+⅛	3.33	3.69
121	105	Do 2½pc '01(78.3)	120	+⅛	3.44	3.69
118	101⅝	Do. 2½pc '03(78.8)	118	+⅛	3.50	3.72
120	102	Do 2pc '06(69.5)	120¼	+⅛	3.55	3.73
113¼	95	Do. 2½pc '09(78.8)	112⅞	+⅛	3.54	3.71
117	99	Do. 2½pc '11(74.6)	117xd	+⅛	3.53	3.69
98	82	Do. 2½pc '13(89.2)	98xd	+⅛	3.51	3.65
105	88	Do. 2½pc '16(81.6)	105	+⅛	3.48	3.62
103¼	87¼	Do. 2½pc '20(83.0)	103	+⅛	3.43	3.56
87¼	73	Do. 2½pc '24‡‡(97.7)	87¼	+⅛	3.39	3.50

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for May 1988:106.2 and for December 1988:110.3

INT. BANK AND O'SEAS GOVT STERLING ISSUES

1988/89 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
109	100	African Dv Bk 11¼Ln 2010	107	+⅛	10.37	10.27
104	96	Asian Dev Bk 10¼pcLn2009	103¼	+⅛	9.94	9.89
129	120	Australia 13½pc 2010	128	+⅛	10.51	10.21
112	103¼	Do. 11¼pcLn2015	111	+⅛	10.16	10.07
110	103¼	Euro Inv Bk 11pc Ln 2002	106	+⅛	10.29	10.05
105	98	Do. 10¼pc2004	102	+⅛	10.00	10.00
120¼	112	Int-Am Dev Bk 12½pc2003	117	+⅛	10.68	10.17
98	91	Do. 9¼pcLn 2015	98	+⅛	9.91	9.92
96½	85	Malysia 10¼pcLn 2009	95¼xd	.....	11.46	11.53
121	87	N.Z. Mexican States 16½pc 2008	118	.....	13.98	13.80

CORPORATION LOANS

1988/89 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
111	100	Birmingham 13½pc 1989	100½	.....	13.43	11.20
115½	101	Do. 11½pc 2012	110½	.....	10.91	10.30
94¼	86½	GLC 6¼pc 1990-92	98½xd	.....	7.63	11.20
130	117	Leeds 13½pc 2006	117½	.....	11.49	11.16
34	26¼	Liverpool 3½pc Irred	33	.....	10.61	–
97	90½	LCC 6¾pc '88-90	92½xd	.....	7.30	11.80
31	25	Do. 3pc '20 Aft	28	.....	10.71	–
112	100	Manchester 11½pc 2007	106½	.....	11.00	10.90

COMMONWEALTH & AFRICAN LOANS

1988/89 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
93¼	86¼	NZ 7¼pc 1988-92	89¼	+⅛	0.12	10.90
207	197	S Rhod 2½pc Non-Asstd	204	.....	–	–
84½	71¼	Do. 4½pc 87-92 Asstd	84½xd	.....	5.33	9.33

LOANS

Building Societies

1988/89 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100	98	N'wide Anglia 9⅝pc 20.2.89	99	.....	9.96	14.74
100	98	Do. 9⅞pc 13.3.89	99½	.....	9.92	13.37
100	97⅞	Do. 9¼pc 17.4.89	99	.....	9.28	13.42
100⅛	97⅞	Do. 9½pc 0.5.89	98	.....	9.61	13.34
100	97	Do. 8⅞pc 30.5.89	98	.....	9.07	13.29
100	93½	Do. 9⅞pc 26.6.89	98	.....	9.94	11.02
100	98	Do. 10½pc 17.7.89	98xd	.....	10.80	13.03
100	94½	Do. 11¼pc 7.8.89	99xd	.....	11.17	13.06
100	98	Do. 11½pc 29.8.89	99	.....	11.64	11.00
100	99	Do. 12⅝pc 18.9.89	99	.....	12.43	12.83
100	98	Do. 12⅞pc 2.10.89	99	.....	12.99	12.82
100	98	Do. 11⅞pc 6.11.89	99¼	.....	11.90	12.73
100½	99	Do. 12⅛pc 9.12.89	99½	.....	12.36	12.69
100	99⅝	Do. 12⅞pc 2.6.90	100	.....	12.80	12.69
102¼	87¼	Do. 3¾pcIL Ln 2021	101¼xd	.....	4.28	4.37

Public Board and Ind.

1988/89 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
97	90	Agric. Mt. 5pc '59-89	97	.....	5.15	3.26
48½	40	Met. Wtr. 3pc 'B'	45	.....	6.67	10.45

Financial

1988/89 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
105	99	3i 11¾pc Un Ln '90	99¼xd	.....	11.84	12.04
95½	86¼	Do 7¼pcAD'89-92	98	.....	8.82	10.90
110	101⅝	Do. 12½pc Un. Ln. 1992	103	.....	12.12	11.21
93½	82	Do. 7¼pc A 1991-94	85	.....	8.44	10.64
101¼	90¼	Do. 9pc A 1991-94	97	.....	9.27	9.67
100	88¼	Do. 8¾pc Ln 1992-97	91½	.....	9.70	10.46

FOREIGN BONDS & RAILS

1988/89 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
45	33	Greek 7pc Ass.	42	+2	3.50	18.75
45	33	Do. 6pc 28 Stb. Ass.	40	.....	3	17.50
45	33	Do 4pc Mixed Ass.	40	.....	2	15.00
80	63	Hung. '24 Ass	80	.....	2.75	13.57
140	128	Hydro Quebec 15pc 2011	137	+⅛	15.00	10.56
131	130	Iceland 14½pc Ln 2016	126	+⅛	14.50	11.29
101	97	Ireland 9¾pc '91-96	97¼	.....	9.75	10.25

AMERICANS

1988/89 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
29½	22¼	Abbott Laboratories§	27½xd	+⅛	$1.20	–	2.9
649p	340p	Allegheny & W 1c	396xd	–6	30c	–	4.2
14	862p	Amax $1	14	+⅛	40c	–	1.5
15	8	Amdahl 5c	11¼xd	–½	h10c	–	0.5
31	22	Amer. Cyanamid $5	28⅛	.....	$1.20	–	2.3
17	11	Amer Express 60c	16½xd	–⅛	84c	–	2.8
10	668p	Amer Medical Int. $1	959	.....	72c	–	4.2
17	11	American T & T $1	17½	+⅛	$1.20	–	3.0
28	22	Ameritech $1	28¼xd	+⅛	h$2.92	–	5.7
19	15	Anheuser-Busch $1	16	+⅛	72c	–	2.1
11	3	BankAmerica $1	11	+⅛	–	–	–

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

LONDON SHARE SERVICE

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AMERICANS—Contd

1988/89 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
19	14½	USX $1	17¼	–⅛	$1.40	–	4.4
154p	44p	♦Unilab	140p	.....	–	–	–
24⅞	17⅝	Utd. Technologies	24⅞	+⅛	$1.60	–	3.5
163p	27p	♦UtiliTech Inc	158p	.....	–	–	–
34⅝	26¼	US West	34½	+⅛	$3.52	–	5.7
24⅜	16⅜	Waste Management $1	24¼	+⅞	48c	–	1.1
16⅞	12⅜	Whirlpool $1	14⅝	–⅛	$1.10	–	4.2
20⅝	15¾	Whitman Corp.	19⅜	.....	96c	–	2.8
33⅞	18¼	♦Woolworth $3½	29⅜	+¼	$1.64	–	3.0

CANADIANS

1988/89 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
[illegible]	134p	♦ABM Gold Corp	137p	.....	–	–	–
[illegible]	4½p	♦Abbot Energy Corp.	5p	+¼	–	–	–
14¼	882p	♦Amer. Barrick Res.	11¼	.....	–	–	–
[illegible]	2⅜p	♦Amer. Lightwave	3p	+⅛	–	–	–
[illegible]	7½p	♦Armeno	17p	–1½	–	–	–
[illegible]	24p	♦Augmitto Expln.	28½p	–1½	–	–	–
14¾	10¼	Bk. Montreal	14½	+⅛	$2.00	–	6.4
[illegible]	514p	Bk. Nova Scot.	704p	+13	84c	–	5.4
[illegible]	15¼	BCE	17⅝	.....	$2.44	–	6.3
[illegible]	527p	♦Bow Valley	656p	–11	40c	–	2.8
[illegible]	10½	♦Brascan	15⅝	+⅛	88c	–	2.9
[illegible]	177p	♦Breakwater Res.	225p	+23	10c	–	2.0
[illegible]	801p	Can. Imp Bank	12⅜	+⅛	$1.16	–	4.3
[illegible]							

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INDUSTRIALS (Miscel.)—Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

هكذا من الاصل

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LEISURE—Contd

1988/89 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
100½	70	HTV Ord.	100		13.9	3.6	5.2	7.2
[illegible]	45	Hankoex A$0.25	162	+5	Q15c	♦	4.5	♦
[illegible]	133	Hi-Tec Sports	155	+1	13.6	3.4	3.6	9.8
[illegible]	13	Int'l Media Comp. 5p	18	−½	—	—	—	—
[illegible]	49	Juliana's Hldgs 2p	69	−2	12.85	1.4	5.5	15.1
[illegible]	32	Kunick 10p	[illegible]	+½	1.4	♦	3.9	♦
[illegible]	122	LWT 5p	170		5.7	2.6	4.3	11.5
[illegible]	183	Land Leisure 10p	306	+3	45.0	4.6	2.8	10.3
[illegible]	68	Leisure Inv 10p	97m	+1	1.75	1.4	2.4	29.9
[illegible]	64	Leisuretime Int 10p	83		—	—	—	—
[illegible]	235	[illegible] Dev. 50p	368	+18	m2.0	3.5	0.7	72.3
[illegible]	[illegible]	[illegible] Leisure 10p	139	+1	4.5	♦	3.4	♦
[illegible]	[illegible]	[illegible]minster 10p	108		3.67	2.6	4.5	11.4
197	[illegible]	[illegible] Radio Grp 5p	186	+9	13.0	2.3	2.2	21.5
190½	17[illegible]	[illegible] Leis 10p	198½	+6½	2.8	1.2	2.0	55.9
518	[illegible]	[illegible] World 10p	513	+5	8.0	2.6	2.1	25.3
62	[illegible]	[illegible] Vision 50p	31	−3	—	—	—	—
155	[illegible]	[illegible] 5p	135		11.33	1.5	1.3	66.7
169	[illegible]	[illegible] $0.125	141	+7	—	—	—	—
89	[illegible]	[illegible] Abroad 3p	85		g2.1	1.9	3.3	25.3
180	[illegible]	[illegible] Leisure 10p	112		—	—	—	—
243	[illegible]	[illegible] Radio NV 5p	243	+5	3.25	♦	1.8	♦
264	[illegible]	[illegible]	232	+2	12.6	2.9	1.5	30.4
233	[illegible]	[illegible] 7pc Pf.	213		7%	—	4.4	—
150	[illegible]	[illegible]	116		1.25	7.5	1.4	12.4
244	[illegible]	[illegible] Leisure 10p	198		14.46	2.6	4.4	11.5
[illegible]	[illegible]	[illegible] Group 10p	247	+10	F3.6	3.4	1.9	21.1
[illegible]	[illegible]	[illegible] City 'X' NV	382	+7	6.0	4.2	—	15.1
27[illegible]	[illegible]	[illegible] Clyde	258		5.75	2.9	3.0	15.7
[illegible]	[illegible]	[illegible] Gp 5p	575	+5	15.0	2.3	3.5	16.9
[illegible]	[illegible]	[illegible] Group 20p	290	+1	25.75	1.2	9.4	41.0
[illegible]	[illegible]	[illegible] Inv Rsk 2½p	84		—	—	—	—
[illegible]	[illegible]	[illegible] TV 10p	385	+1	±17.0	3.0	—	7.6
[illegible]	[illegible]	[illegible] TV 10p	14		—	—	—	—
[illegible]	[illegible]	[illegible]	41	+1	—	—	—	31.8
[illegible]	[illegible]	[illegible] Leisure	253		13.6	3.8	1.9	18.2
[illegible]	[illegible]	[illegible] & Vise 5p	243	+38	12.4	2.9	1.3	30.3
[illegible]	[illegible]	[illegible] 5p	69		3.15	2.6	6.1	8.4
179	129	TV-am 5p	156	+2	14.5	3.6	3.8	9.7
362	286	TVS Entertain 10p	311	+1	15.25	♦	5.9	♦
109	96	Do. 7.4pc Prf.	104		7.4%	—	9.5	—
416	302	Thames TV	386		±13.2	3.0	4.6	9.7
133	95	Tottenham Hotspur	120	−1	5.0	1.4	5.6	16.2
87	58	Trillion 10p	59m		g1.1	3.5	2.6	12.4
379	254	Tyne Tees 50p	379	+1	13.75	2.8	4.8	9.7
105	64	Ulster TV	105		4.75	2.8	6.0	7.9
155	77	Wembley 5p	116		1.1	0.1	1.3	—
86	36	Williams (Geo) 5p	49		±0.62	1.6	‡	43.0

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

1988/89 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
7	1½	♥Swan Res 20c	3		—	—	—
12	3	♥West Coast 25c	5		—	—	—
315	160	Westn. Mining 50c	271	+1	Q23c	1.4	4.1
145	65	♥Whim Creek 10c	118	+5	Q11c	16.4	5.4

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

28	20	Scott Pickford 10p	21		3.1	0.7	19.7	10.9
116	68	Seacon Hldgs	10[illegible]		21.0	♦	1.3	♦
15½	7	Sonic Tape 2½p	8½		♦	—	—	11.2
[illegible]	15	Stats Hldgs. 5p	[illegible]	+1	—	—	—	20.1
[illegible]	2¼	Swanyard Studios 10p	2[illegible]		—	—	—	♦
[illegible]	200	Takare	3[illegible]		h1.0	0.1	0.4	32.1
[illegible]	26	Tomorrows Leisure 20p	[illegible]		—	—	—	13.9
[illegible]	15½	Tullow Oil 10p	[illegible]	+1	—	—	—	—
[illegible]	100	UPL Group 10p	[illegible]	+5	L2.41	4.3	3.1	14.3
[illegible]	120	Unit Group	[illegible]		F7.5	2.9	6.9	8.2
17½	15½	Whitegate Leisure 20p	15½		—	—	—	—
[illegible]	6	Do. Wrrnts	[illegible]	+½	—	—	—	—
6½	2	Wilton Group 1p	[illegible]		—	—	—	—

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution, this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ● USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ‡ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights, xa ex all; xf ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p. γ	72	+3
Craig & Rose £1 γ	710	
Finlay Pkg. 5p γ	86	+1
Holt (Jos) 25p γ	1233	+5

IRISH

Cap. 8½% Ln. 1991	£99½	
9pc Cap Ln. 1996	£101½	+¼
Fin. 13% 97/02	£122¼	
Arnotts	395	
Carrol (P.J.) γ	155xd	
Hall (R. & H.)	160	+3
Helton Hldgs. γ	69	+2
Irish Ropes	165	

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	18
BAT	40
BOC Grp.	36
BSR	7½
BTR	28
Barclays	34
Beecham	48
Blue Circle	39
Boots	20
Bowaters	38
Brit. Aerospace	42
Brit. Telecom	21
Burton Ord	10
Cadburys	31
Charter Cons.	45
Comm Union	28
Courtaulds	26
FKI Babcock	13
FNFC	21
Gen Accident	71
GEC	15
Glaxo	98
Grand Met	38
GUS 'A'	90
Guardian	16
GKN	28
Hanson	12
Hawker Sidd	40
ICI	85
Jaguar	22
Ladbroke	38
Legal & Gen	26
Lex Service	34
Lloyds Bank	29
Lucas Inds.	48
Marks & Spencer	15
Midland Bk.	35
Morgan Grenfell	28
NEI	12
Nat West Bk.	45
P & O Dfd	48
Plessey	15
Polly Peck	28
Racal Elect.	25
RHM	32
Rank Org Ord	63
Reed Intnl	38
STC	24
Sears	13
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	16
Unilever	42
Vickers	15
Wellcome	42
Property	
Brit Land	30
Land Securities	52
MEPC	30
Peachey	54
Oils	
Brit Petroleum	21
Do. (P.Paid)	12
Burmah Oil	48
Calor	35
Charterhall	2½
Premier	9
Shell	85
Ultramar	21
Mines	
Cons Gold	100
Lonrho	38
RTZ	40

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FINANCIAL TIMES
Weekend January 28/January 29 1989

Say Thankyou with
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London Life wins merger backing

By Nick Bunker

A LABORIOUS four-hour extraordinary general meeting in the ballroom of a Mayfair hotel yesterday finally gave London Life, the mutual life insurer, overwhelming endorsement from its policyholders for its planned merger with Australian Mutual Provident.

After four months and having spent £3m, much of it in battling in the courts with dissident policyholders, London Life's hoard claimed victory last night in the penultimate round of one of the most embarrassing internal wrangles the British insurance industry has witnessed.

At 5pm, the board said it had 261,526 votes in favour of the merger, while only 28,416 had been cast against, giving the board e 90.2 per cent majority, comfortably clear of the 75 per cent it required. On a show of hands, the meeting had voted 234-84 in favour.

The result opens the way for London Life's board to proceed with a hearing in the Companies Court on February 13, when it will seek a judge's approval for the merger.

The meeting, held in London's Grosvenor House, was far smoother than its predecessor last October, which collapsed in uproar after its venue in the Barbican Centre proved too small. To the end, though, the debate was painful for London Life's board, which has faced repeated accusations that it was selling out to a far-off company foreign to the company's culture.

The meeting was punctuated by cries of "resign," accusations thet the board had bungled the company's affairs, and applause for the chief dissident, the barrister Mr Julian Byng, who successfully challenged in the courts the validity of the October meeting.

"You have bronght shame and distress to the privileged name of London Life," cried one critic, a Dr Parikh, who claimed he had come 5,000 miles.

Mr Brendan McBride, London Life's actuary, evidently under great strain, said it was "disgraceful to come here and suggest that the board is protecting its position and not that of the policyholders. I resent that."

The policyholders who turned up found that the dissidents had planted pink leaflets on every seat. The leaflets began: "Merge with AMP? - No thank you." They urged policyholders to demand fresh talks with the alternative merger partner, Equitable Life.

The leaflet set the tone for the meeting, and for interjections from about 35 policyholders. About half a dozen backed the board. The dissidents had little chance, though, against the proxy votes wielded by the board.

Shevardnadze plans Pakistan visit

By Robin Pauley, Asia Editor, in London and Christina Lamb in Islamabad

MR Eduard Shevardnedze, Soviet Foreign Minister, is flying to Pakistan next week in e last-ditch attempt to find a political compromise to the Afghanistan conflict.

He will be the highest-ranking Soviet official to visit Pakistan for more than 20 years.

As the Soviet witbdrawal from Afghanistan enters its final stage, security in the capital of Kabul continued to deteriorate yesterday with the US and Britain joining the growing list of countries, including West Germany and Japan, that have closed their embassies and withdrawn their entire diplomatic staff.

France, which is only represented by a consulate, has also withdrawn two more officials, leaving only a skeleton staff. Italy is expected to take similar measures.

The Soviet Union, which has also redneced lts diplomatic staff, has widened and cleared trees from a long straight road outside its embassy to make what looks like an emergency runway.

A statement issued by the Foreign Office in London said that all British citizens in Afghanistan, estimated to be about 35, had been advised to leave the country as their security could no longer be guaranteed.

Mr Dmitri Yasov, Soviet Defence Minister, has been in Kabul accompanied by a number of defence advisers since Wednesday. He has held lengthy discussions with President Najibullah and with Mr Yuli Vorontsov, first deputy foreign minister, who is also Soviet Ambassador to Afghanistan.

Mr Shevardnadze's visit will begin next Saturday and comes at his own request. He will meet Ms Benazir Bhntto, the Prime Minister. She is anxious to improve relations with the Soviet Union, fearing that US support to Pakistan will diminish once the Soviet troops have left Afghanistan.

It is not yet known whether Mr Shevardnadze will meet directly with any Afghan resistance leaders based in Pakistan. After two rounds of peace talks with Soviet officials in December and January, mujehideen guerrillas rejected further negotiations. That ruined a Soviet plan designed both to halt the bloodshed and find a face-saving political compromise.

If the mujahideen had agreed to include a significant number of representatives from the People's Democratic Party of Afghanistan in a "shura," or assembly, to consider the future government of Afghanistan, the Soviet Union was prepared to remove virtually the entire cabinet of President Najibullah from the country.

However, Mr Sibghatullah Mojediddi, chairman of the Pakistan-based alliance of seven resistance groups, broke off the talks claiming that the Soviet Union was "pleying games, talking peace while continuing killing our people."

Pakistan, Iran and the Soviet Union are all anxious for the dialogue to resume and that issne is expected to be top of the agenda during Mr Shevardnedze's meeting with Mr Yaqub Khan, Pakistan's Foreign Minister.

Mr Shevardnadze's visit comes less than e week before the convening of the shura. Western diplomats in Islamabad, the Pakistani capital, believe that if the shura and its proposed interim government includes some members of the Kabul administration, Mr Shevardnadze may still, at the 11th hour, offer to airlift out the PDPA cabinet from Kabul where it is under increasing pressure, with food qneues lengthening.

His visit may also coincide with the departure of the last Soviet troops from Afghanistan. Although the withdrawal must be completed by February 15, to meet a deadline agreed under UN auspices, the rste of progress suggests that the withdrawal from Kabul at least will be completed hy around next weekend.

Betweea 15 and 20 huge Soviet transport planes leave Kabul each day, and columns of trucks carry troops along the frozen Salang Highway, the main route north out of Kabul towards the Soviet Union. It is still not clear whether all the Soviet troops leaving Kabul by road are crossing into the Soviet Union. Some may be staying in the northern area around Mazar-e-Sharif to help the Afghan Army create a fortified "bolt-hole" close to the Soviet border. Many families of government and Afghan intelligence officials have already been moved to Mazar-e-Sharif.

Wales leads Toyota plant race

By Anthony Moreton, Welsh Correspondent

WALES is emerging as front-runner for the £600m car plant that Toyota, Japan's largest motor manufacturer, hopes to build in Britain.

The company is understood to have drawn up a list of eight potential sites in the four locations which it identified yesterday – Wales, the Midlands, Humherside and Yorkshire. Four of the sites, and possibly a fifth, are in Wales.

Representatives of Brackstone Associates, the London consultants commissioned by Toyota to undertake the detailed groundwork, are due to return to Cardiff on Tuesday for a further meeting with the Welsh Development Agency, which is co-ordinating the campaign to win the site for the principality.

Brackstone has divided the eight sites into two equal groups. The four most attractive are thought to be, in alpbabetical order, Cardiff, South Wales; Deeside, North Wales; Newport, South Wales; and Scunthorpe, south Humberside.

The second group takes in Briton Ferry, between Neath and Port Talhot in South Wales; a site in the East Midlands; Leeds; and another South Wales location, possibly in the Llanelli area.

Brackstone has identified sites of abont 800 acres of land in each of the eight locations and is now in the process of going back to each of the candidates for more discussions.

Significantly, five of the sites, at Briton Ferry, Cardiff, Deeside, Newport and Scunthorpe are near big steelworks. Both the Llanwern works, at Newport, and Port Talbot produce the sort of steel for which the motor industry is a leading customer. Each has invested heavily in the past two years and could be expanded.

Scunthorpe does not produce steel of the kind wanted by a car manufacturer, but its location leaves it well-placed for shipping cars to Europe.

In addition, it is near docks at Immingham and Hull that have recently undergone extensive development. At Immingham, £30m has heen spent on new berths and jetties and in Hull a roll-on roll-off berth has been put in by ABP, the port's owner.

However, the deciding factor could be the availability and quality of labour.

Meanwhile, reports that Mazda, another Japanese car maker and one in which Ford has a 25 per cent stake, might produce 25,000 minivans a year at the Valladolid plant of Enasa, the Spanish commercial vehicle manufacturer, were played down. Mazda said it had received an nnsolicited approach from Enasa, which was just one of several European production possibilities being considered. Enasa has been searching for a production partner for some time.

Toyota's European plans, Page 4; Jostling for pole position, Page 6

Early sale forecast for NZ stake in bank

By David Barchard

AN EARLY sale of Equiticorp's 61 per cent former stake in Guinness Mahon was predicted yesterday.

Mr Geoffrey Bell, chairman of Guinness Mahon, speaking after the bank's annual general meeting in London, said he thought the sale might be completed in a month or two. Inquiries were already arriving from possible buyers and he had had "two expressions of interest from international firms only this morning."

Earlier, Samuel Montagu, agent for the syndicate of 28 banks which assumed Equiticorp's stake in Gulnness Mahon after the liquidators were sent in, said it intended to dispose of the stake in both GPG and Guinness Mahon as soon as possible.

It was announced yesterday that N. M. Rothschild had been appointed financial adviser to the syndicate, which will work closely with the directors and menagement of Guinness Mahon.

Mr Bell refused to be drawn on possihle pnrchasers, although he indicated that an overseas firm would be acceptable and that he might value a link with a Japanese firm. He added that there was no question of a management buyout.

He also emphasised that Guinness Mahon strongly preferred to remain an independently listed company on the Stock Exchange.

Mr Bell had won the support of shareholders at the meeting in the Bakers' Hall, where he stressed that Guinness Mahon "was in full working order."

He said the bank had deliberately built up its liquidity in recent months and had taken other steps to insulate itself fully from possible risks from Equiticorp.

Mr Bell paid a generous tribute to the Bank of England for the assistance it had given Guinness Mahon during and after its separation from GPG.

The audience appeared convinced by his frank and bold exposition, though some members later expressed relief that Equiticorp was no longer represented on the board.

All resolutions at the meeting, including the re-election of the directors, were passed unanimously.

Meanwhile, Equiticorp's liquidators in New Zealand announced they were sending a solicitor to London to hold talks with British officials investigating the company.

The solicitor has also been instructed to monitor developments at GPG and Guinness Mahon with a view to protecting New Zealand assets in the UK.

This is likely to mean that the New Zealand authorities will press for the firms to be sold et the best possible price.

Equiticorp's liquidators will receive any surplus funds from the sale of the stake in Guinness Mahon after loans outstanding to banks in the syndicate have been paid off.

New Zealand monitors Equiticorp UK probe, Page 10

Teacher shortage

Continued from Page 1

teaching. They, too, will be able to be appointed immediately to a school and will receive training while serving out a probationary period.

People entering teaching through this route will need to have had the equivalent of 2 years higher education and be over 26. Bnt the National Union of Teachers accused the Education Secretary of trying to reduce the quality of people entering the profession. Mr Dong McAvoy, the union's general secretary designate, said: "The union will only support alternative routes into teaching if the final qualification is of graduate equivalent."

Mr Baker also urged local authorities to experiment with ways of attracting hack into the profession the 400,000 qualified teachers no longer teaching, most of whom are married women. Mr Baker suggested more part-time johs and job sharing.

From the autumn, the Government will extend a special £1,300 hursary scheme for trainee teachers in maths, physics and technology to cover chemistry teachers, a course long urged on the Government by the chemical industry.

Mr Baker also urged teacher training colleges and local authorities to pnt on many more conversion courses for teachers switching into shortage subjects.

Mr Jack Straw, Labonr's edncation spokesman, said the measures were totally inadequate to deal with a teaching crisis, the scale of which Mr Baker had only just realised.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Bayer	307.2	+	8.2
Hoechst	307.8	+	6.9
Lufthansa	174.5	+	8.5
Mannesmann	215.5	+	5.5
Viag AG Aktien	268	+	9.5
Falls			
Karstadt	445	–	3.5
NEW YORK ($)			
Rises			
American Exp.	30¼	+	1⅛
Gen. Electric	48½	+	1⅜
IBM	127¾	+	1⅞
Merrill Lynch	30⅝	+	2¼
W. Poinl-Pepp.	49¾	+	3¼
Falls			
Apple Computer	38	–	3¾
New York prices as at 12.30pm.			
PARIS (FFrs)			
Rises			
GTM-Entrepose	1090	+	98
Luchaire	380	+	39.8
Metal Europ	124	+	8.5
O.P. Olipar	488	+	36.9
Pechin CIP	425	+	56
Falls			
Roussel Op.	1000	–	64.5
TOKYO (Yen)			
Rises			
Fuso Inds. Work	2000	+	220
Mitsui Mining	1150	+	130
Toho Titanium	1850	+	300
Tokyo Buhin	1180	+	160
Falls			
Daido Worsted	1050	–	80
Kokusai Kogyo	3000	–	300

LONDON (Pence)			
Rises			
Amstrad	184½	+	10½
A B Foods	329	+	10
BAT Inds	534	+	15
Barclays	465	+	20
Bass	893	+	17
Beecham	533	+	14
British Land	367	+	12
Brit Steel p/p	75¾	+	5¼
Brit Telecom	281	+	10
Burmah	547	+	24
Costain	336	+	13
Glaxo	1170	+	37
GUS A	1067	+	36
ICI	1133	+	27
Inter City Hlds	90	+	12
Ladbroke	490	+	10
Land Securities	599	+	15
Next	152	+	9
Prudential	173	+	5½
Unilever	535	+	13
Warburg (SG)	318	+	17
Ward White	254	+	17
Falls			
Slough Estates	337	–	11
Telecomputing	98	–	10

WORLDWIDE WEATHER

	Y'day midday °C	°F
[illegible]	[illegible]	[illegible]

C-Cloudy. Dr-Drizzle. F-Fair. Fg-Fog. H-Hail. R-Rain. S-Sunny. Sl-Sleet. Sn-Snow. T-Thunder.
† Noon GMT temperatures

Shares

Continued from Page 1

of equity strategy at stockbrokers Barclays de Zoete Wedd, cautioned that the British economy was "hardly out of the woods" despite encouraging signs of a slow down in activity over the past month.

The "vast swings of sentiment from deadly depressed to super hullish" pose a danger for the equity market, he said.

Allson Maitland writes: Stock markets were generally strong in Asia and Europe yesterday, with the Nikkei average in Tokyo climbing to yet another record of 31,646.13, a day's gain of 134.32 and a rise of 4.9 per cent since the start of the year.

Hong Kong's Hang Seng index approached the 3,000 level, closing np 46.38 at a post-crash high of 2,956.95 in heavy trading.

Wall Street's powerful advance this week helped most continental European bourses close higher yesterday, with the OMF 50 index in Paris up 2 per cent on the week and the FAZ index in Frankfurt up 1 per cent.

Eric Short adds: The strong rise in share prices forced many unit trust groups to suspend dealings and revalue the unit prices of their UK-based funds under the new pricing rules laid down last year by the Securities and Investments Board, the watchdog body of the financial services industry.

This is the first time the rules have been tested under hull market conditions since they became operative last July.

Unit trust managers, however, have reported that they did not experience prohlems

Unit trust managers value unit trust prices on a regular basis — at least once a day for UK funds. They have a choice of dealing either on the last valuation — historic pricing – or the next valuation — forward pricing – or a mixture of the two.

If a manager is using forward pricing and the market moves by 2 per cent or more since the last valuation, the rules require him to suspend trading and revalue the price as soon as possihle.

This is intended to ensure fairness between those unitholders dealing in a rapidly moving market and the remaining unitholders.

Yesterday many groups on historic pricing were forced to suspend.

Leading unit trust management group Save & Prosper, for example, values at 9.05 each morning. Mr Paul Bateman, chief executive, said the market rise resulted in the group's suspending dealing at the morning valuation at around 1.45pm.

A new price was calculated based on the underlying share prices at 2.30 and dealings recommenced around 4pm.

Dollar surges

Continued from Page 1

increased by 3.8 per cent, compared with a rise of 3.4 per cent in 1987. On a fourth-quarter to fourth-quarter basis the rise in real GNP was 2.7 per cent.

Europe's central banks, led by the West German Bundesbank, entered the currency market when it opened yesterday morning in what proved to be an abortive attempt to drive the US currency lower.

They said tbe intervention was substantial and the day was one of their most active. They put dollar sales well in excess of $300m – the level of sales et which the central banks have conducted most of their joint operations over the past two weeks.

THE LEX COLUMN

London scrambles to catch up

The London market was finally in the grip of a buying panic yesterday, and no wonder. The week has turned out one of those rare critical points which define the fund manager's performance for the year as a whole. Those who missed the rise cannot hope to make good the difference; those who were fully invested at the start of Jannary could switch into cash on Monday, sit on it until Christmas, and end up with a remarkable return of 25 per cent.

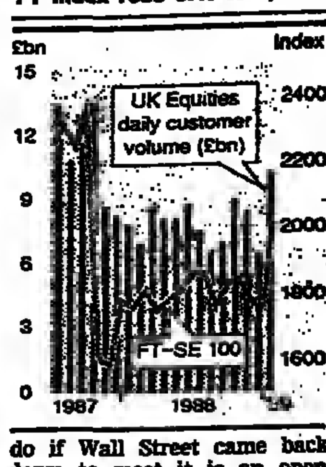
There are technical reasons for the rise being so remorseless, particularly the fact that the market-makers seem to have started the week collectively short. The market was also assisted yesterday by the powerful comhination of an encouraging UK trade figure and an upward explosion on Wall Street. But the momentum was internally generated: the market was up more than 20 points before the trade figures came out, and peaked 58 points up before Wall Street's strength was fully apparent.

There has also heen an extraordinary resurgence of volume, which in the past ten days has been reaching the levels last seen before and during the crash. Salomon calculates the net money coming into the market yesterday at over £170m, three times the highest figure seen in 1988. For as long as business is all one way, market-making remains a profitless task; hut at least activity at this level creates opportunity for those who know how to use it.

It seems highly likely that the momentum will continue into next week, and equally likely that it will rapidly overshoot. There seems no reason why the resulting correction should be serious in the absence of external factors, in which case the market could start to form a new base at or just below the 2,000 mark. There are three obvious things which could change that: in ascending order of gravity, rights issues, Wall Street and interest rates.

It is a common enough phenomenon for a big and unpopular rights issue to stop the market in its tracks; but in the present mood it would have to be something special. As for Wall Street, the snag is that there is no evidence yet of the London market unconpling itself. Wall Street's rise started in mid-November, with London following until it was derailed hy the disastrous October trade figures and the rise in base rates. Since the start of Jannary it has been desperately trying to catch up; what it would

FT Index rose 37.6 to 1,636.9



do if Wall Street came back down to meet it is an open question.

The worst threat, that of a further rise in UK base rates, is surely the most remote. The global rally is based on the notion that interest rates will shortly peak, hut London's assumption is that UK rates have peaked already. It all depends on Mr Lawson's sense of timing: and if he should have a further burst of hawkishness, all bets are off.

Market-makers

There was a slight tremor in London yesterday on news that the rule changes for market-makers are to be scrutinised by the Office of Fair Trading. But this is merely a side-effect of the Financial Services Act; in a wonderfully solemn procession, the rules must go to the SIB, then to Lord Young, then to Sir Gordon Borrie, then back to Lord Young again. The Stock Exchange carries on regardless, with market-makers no longer obliged to deal with each other from February 13, and late disclosure of large trades coming probably a fortnight later. It seems a shame that such crisis measures should be enacted just as volumes look like recovering; but then again, no imaginable level of volume will do more than postpone the day of reckoning on overcapacity.

Apple Computer

Apple's new management team has been doing so well over the past few years that news that even it can be caught out by the boom-and-bust cycle of the chip industry comes as a nasty shock. But the initial fall of more than 10 per cent in its share price, on the news that its second quarter earnings could be a third lower, must be an over-reaction. As Norsk Data demonstrated this week, there are plenty of European computer companies in trouhle; but Apple's problems are nowhere near as serious.

What seems to have happened is that Apple underestimated the demand for its products last summer, and was forced to go into the spot market to buy memory chips at roughly three times the contract rates. It then pushed up its prices, but demand began to fall off and it was left with some expensive products. The costs of having misread the market should only hurt one quarter's earnings; but judging by yesterday's drop in the share price, the market is clearly worried that the problems are more serious.

One fear is that Apple's announcement may be an indication that demand in the personal compnter market is going to fall sharply. However, this would not fit in with yesterday's forecast from Apple that its revenues will rise by 30 per cent this year. A more realistic concern is that IBM may start to make life more difficult this year for one of its most successful competitors.

Brent Walker

Whatever Brent Walker and GrandMet may say about having found the perfect deal, the respective merits of yesterday's asset swap look roughly proportional to their relative bargaining power. Not only does GrandMet seem to have chosen which betting shops to shed and which pubs to acquire, but the rationale of the deal from its standpoint is more obvious. By selling some of the surplus resulting from last month's purchase of William Hill, it has probably got the OFT off its back, while in converting the acquired 52 big freehold pubs into Berni Inns it can probably see a good profit.

Meanwhile, Brent Walker's shareholders may be concerned to see it getting into yet another business that it knows little about. Instead, they urgently want to see the company getting down to managing some of the businesses that it has acquired, while putting its undisputed deal-making ability to use in tidying up its assets and reducing its mountain of debt.

GrandMet does not always win, however, as yesterday's sale of its Irish Distillers stake showed. Even though the whole thing may have cost it a few millions as well as much management time, there was nothing to gain in being a hostile minority, and much to lose in terms of its future relationship with Pernod.

Weekend FT

SECTION II

Weekend January 28/January 29 1989

“If you see a banker jump out of the window, jump after him — there’s sure to be a profit in it.”

Mad, mad, world of banking

***John Plender** wonders why on earth banks are so thirsty for risky business*

SO SAID the 18th century French philosopher, playwright and satirist Voltaire. It is a witty little injunction that has a plausible, if perverse, kind of logic about it. But be warned: in today's financial markets it is more likely to be a recipe for two broken legs than a free ride to fortune.

The caveat is necessary because bankers in the late 1980s are, so to speak, jumping out of windows at a rate that is frenetic even by their own impressive past standards. Consider some recent cases in point, starting with a giant of commercial banking, Barclays. At the height of the takeover battle between Britain's General Electric Company and Plessey, Barclays decided to back a consortium whose membership was uncertain, in a scarcely credible bid for GEC, with which Barclays had a relationship. Since the consortium failed to get off the ground and GEC was enraged, the bank ended up losing both the deal and the customer.

Then there is the recently completed $26.2bn financing for RJR Nabisco, the quoted US food and tobacco group, which is going private on borrowed money — a so-called leveraged buy-out. The industrial logic consists mainly in the $700m-plus fees that the New York financial community will earn in exchange for saddling the hapless company with a mountain of high-risk debt.

The twin mottos of the modern banker, it seems, are that the only good client is an overborrowed client and the only good loan is an equity investment disguised as debt.

And what of the banking system's most persuasive customer: Australian entrepreneur Alan Bond, whose stake in Tiny Rowland's Lonrho group has been attracting much attention?

You do not have to believe Rowland's estimate of the borrowings of the Bond empire to see that something curious is happening here. The latest balance sheet of Bond Corporation confirms that the banks have lent several billion Australian dollars to a company that had a negative net worth (ie, a deficiency of assets against liabilities) if intangible assets are excluded from the reckoning. Yet the bankers are still careering merrily along on this racy bandwagon, whose interests range from off-shore energy exploration in China, through brewing in Australia, to a chunk of the Chilean telecommunications industry.

And let us not forget those commercial bankers who are throwing good money after bad in London's securities markets. As US banks pull out of market making and the remaining British clearers stare bleakly at high overheads and a low volume of business, the Japanese banks, starting with Industrial Bank of Japan, are about to bring yet more capital to this over-capitalised market.

Why is it that the world's bankers have suddenly developed such an insatiable thirst for questionable propositions? The crude answer is that Barclays' vanishing consortium, Alan Bond, RJR Nabisco and the London securities markets have all, in their different ways, appeared to hold out a solution to the problems of an industry that is struggling to confront powerful competitive forces. And the starting point in this guide to the state of the bankers' collective psyche in the late 1980s is an uncomfortable but fundamental truth: the basic business of banking — borrowing and lending — has become a loss leader for more marginal financial activities.

Consider the industry's giants. The interest earned from customers by the world's biggest bank, Japan's Dai-Ichi Kangyo, has fallen short of the interest paid to depositors and creditors in four of the five past years. It has had to rely on fee income and profits from securities sales and foreign exchange trading to cover the expenses of running the bank and to generate its $1.2bn net income last year. At Citicorp, the biggest US bank, interest revenue still exceeds interest expense, but the $6½bn surplus of interest income in 1987 was not enough to cover the bank's other operating expenses.

That story is repeated all across the developed world. It looks suspiciously as though bankers are rushing into high-risk business because their basic activity is suffering from what the economists call secular (ie, persistent) decline. And here is pause for thought: while a declining tobacco industry may be good for everyone's health, a declining banking industry is another matter, because banks are at the heart of the world's monetary and payments systems.

Ah ha, says the sophisticated FT reader; but how can that picture be reconciled with all those graphs showing the developed world'e demand for financial services rising in smooth progression from bottom left to top right? The answer is that while the demand is soaring, the supply is rationed between different types of institution by regulators who are anxious to protect the financial structure. Also by politicians, who use tax reliefs to divert savings into favoured outlets and seek to protect depositors from rascally bankers who run off with their money. In the 1980s the enthusiasm for such intervention has been on the wane. And some of the results have been both unexpected and unintended.

In the good old days, banks borrowed cheap money from their retail customers and lent it to business customers in industry and commerce. Not so any more. In the 1970s anachronistic regulations drove many depositors out of the banking system entirely. Banks in the US, for example, were badly hit when regulatory ceilings on deposit interest were unexpectedly overtaken by inflation. Instead of earning a negative real return at the bank, hundreds of billions fled to high-interest money funds run by brokers such as Merrill Lynch.

Worse was to come in the 1980s with that great buzz-word of the banker's lexicon, deregulation — a euphemism for licensed poaching on everyone else's territory. Take the British building societies: they now compete against the clearers with interest bearing current accounts, chequa books and cash dispensers. Certainly the days of cheap deposit are gone. In Britain Lloyds Bank put the last nail in the coffin when it announced its new interest-bearing current account

One way of looking at banks is to regard them as specialist retailers. They have valuable brand names whose worth rests on the people's trust, but have allowed the goodwill in those names to depreciate through poor marketing; also through poor financial performance, especially in their wholesale business. Given the choice, many might prefer to deposit their money with Marks & Spencer than with Midland Bank. In the US the world's biggest retailer, Sears Roebuck, already runs a banking, broking and insurance conglomerate. Sears' model has been followed in Japan by Seibu Saison, a more upmarket retailer. This underlines another easily forgotten truth. A banker is really a figment of the supervisory authorities' imagination: one businessman is as good as another in financial services provided he observes basic rules of prudence in managing other people's money.

There is another litany of woe on the asset side of the balance sheet. First, the familiar bit. The gambling mentality originally set in when the bankers poured money into Latin America on the cheerful assumption that sovereign nations do not go bust. Which brings us to a third unpalatable truth that has changed the face of banking, perhaps for ever. When Mexico ran into trouble in 1982, most of the world's biggest banks became less creditworthy than their top clients.

The result was securitisation — an ugly new coinage for an age-old device called cutting out the middleman. If yon have a superior credit rating to the banks and can thus borrow more cheaply than them in the markets, why kow-tow to the bankers? In countries such as the US and Japan, which put a legislative dividing lina between lending bankers and investment bankers who underwrite and sell securities, this trend for companies to raise funds direct from markets was a traumatic sea-change.

The most visible outcome has been a shift in short term financing activity to markets where people trade in IOUs known as commercial paper. Today the US commercial paper market is measured in hundreds of billions and the fledgling Japanese one in tens of billions of dollars. And the banks have to compete fiercely with all comers there for corporate business.

The non-banks, meantime, are no more averse to invading the commercial banks' traditional territory in industry and commerce than in retail finance. In the RJR Nabisco buy-out referred to earlier investment bankers Drexel Burnham Lambert are to put up $3.5bn of bridging loans until longer term bond finance can be raised, while Merrill Lynch is providing a further $1.5bn in bridging loans. Any qualms about the credit risk are outweighed by their overall fees on the buy-out of $227m and $109m respectively.

Robin Monro-Davies, of the London-based credit rating agency IBCA, argues that the banks will never win back the top end of the corporate lending market. While there are limits to the scope for securitisation lower down the corporate sector where the risk of bankruptcy is greater, he adds, the process probably has further to go. Yet amid all this bother, there is good news for the banks: the personal customer continually comes to the rescue.

As Christopher Johnson, Chief Economic Adviser at Britain's Lloyds Bank has pointed out, the flow of funds between banks and the rest of the economy has changed dramatically in the course of the decade. Instead of recycling retail deposits to industrial customers, the banks now return those deposits to their retail clientele, mainly in the form of home loans; industry has increasingly become a source of deposits.

A second saving grace for the banks has been the enormous, but much lower quality, profit to be earned from financial volatility. The growth of foreign exchange trading has been spectacular: Citicorp, for example, earned $453m of foreign exchange revenues last year. Trading in newer financial instruments such as swaps, futures and options, which provide a hedge against volatility, has been another boom area. And the banks have learned to charge all manner of commissions and fees on their basic lending business.

The disappearance of cheap deposits none-the-less means that bank profitability will become more dependent on selling unfamiliar products such as shares and insurance through old and costly branch networks. And the temptation to dilute retail profits through expensivo wholesalc adventures will be even more acute — witness London's securities markets, where the world's biggest commercial banks simultaneously alighted in time for Big Bang. Since the stock market crash this elephantine herd has helped ensure that too much capital chases too little business for far too long a period before individual members of the herd take fright and leave.

A differeot version of the same story is being played out in the world's property markets. Property lending in Britain, for example, is now a higher percentage of total bank lending than it was before the property crash of 1974. In the giant developments now under way in the City of London bankers have adopted US-style limited-recourse financing, whereby the banks take more of the financial risk in the development than the developer — all of which spells future trouble.

In the takeover and buy-out boom the banks' exposure to highly borrowed groups — not as yet at worrying levels in relation to capital — is creeping ominously upwards. And in London's international markets central bankers are worried that the banks are assuming excessive risk by mispricing complex new products for pet clients. In short, word has travelled around the entrepreneurial community that the banks' appetite for risk has burgeoned. So entrepreneurs are busy supplying banks with high risk assets.

All this can be rationalised as the consequence of a progressive shift from protected to competitive banking markets. But in the longer run it is possible that the banks have suffered a permanent loss of competitive edge through technological change. National Westminster has no competitive advantage over British Petroleum in processing financial data; and much of what a bank branch traditionally does can now be done on a home computer.

For commercial banks the payments system which handles the job of money transmission is the last bastion. Only time will tell whether they — and the central bankers, who hate the notion of BP or Ford Motor Company moving in on the banking business — will lose their grip on the hub of the whole financial structure and be broken up by predators for their property potential. Ogden Nash once quipped that bankers are like everyone else except richer. Ah, yes — one more piece of homespun wisdom that may soon have to go out of the window.

The Long View

Cutting the cost of capitalism

SMOKE SIGNALS coming from H.M. Treasury need to be treated with respect. It might just be somebody putting the torch to unwanted policies — but there might actually be a potentially nasty fire.

Take the minor rumpus over the pre-emption rights of shareholders. The City is nervous and puzzled that Norman Lamont, Financial Secretary to the Treasury, is raking over this old controversy once again. Is it a diversion, or is it a sign that the Government is about to hit back at the Stock Exchange and the financial institutions which have shortsightedly obstructed the cause of wider share ownership?

For new readers starting here, the right of pre-emption refers to the requirement (under company law) for companies to offer new shares first of all to existing shareholders. It protects shareholders from the possibility of their voting control or their wealth being diluted against their wishes.

The big pension funds and insurance companies have seized on this as a major plank of their power base. Although minor concessions have been granted, up to a limit of 7½ per cent of a company'e issued share capital over a rolling three-year period, generally speaking companies wanting to raise cash must use the rights issue mechanism. New shares must be sold to existing shareholders which means, primarily, those same institutions.

Any other proposals must be approved by a kind of private kangaroo court of big institutional investors. Few companies are prepared to subject themselves to this indignity: most company directors regard fund managers as little more than short-term speculators.

Whatever the right and wrongs of all this, which are extremely complicated, one particular aspect has infuriated the Government. From the perspective of Downing Street it is apparent thet the collective investment institutions are seeking to perpetuate their stranglehold over the equity market.

In spite of the recent sharp increase in the oumber of individual shareholders, average holdings are so small that their aggregate ownership of tha equity of listed UK companies has fallen still further, to about 25 per cent. Institutional dominance has actually increased during the privatisation years.

It is an appalling phenomenon from the viewpoint of a Government which is committed to popular capitalism. Remember that the Government is planning to embark upon its biggest privatisation adventure yet, with the £20bn flotation of the electricity industry in stages between spring 1990 and summer 1991.

There is also a serious challenge to the Chancellor, who badly needs to stimulate personal savings, but who wants to keep the money away from the banks, the building societies and those bloated investment institutions. How can he channel the savings flows directly to the company sector?

BARRY RILEY

The big investment institutions are jealous of their rights as dominant investors. But they would be prudent to heed the political warning signs

The Government feels badly let down by the Stock Exchange, which has never seriously attempted to market securities to the masses. Its most powerful members have much preferred to become wholesale businesses dealing with the institutions. One result of Big Bang has been to sharpen up management control at the big broking firms and make them aware for the first time that it costs them £50 to handle a share transaction. Private clients have been driven to the fringes of the traditional securities business. Even there, it is hard to deal for less than £20.

Technology could have revolutionised all this, but its application has been botched. The Stock Exchange's long-promised Taurus system for handling share transfers without certificates has turned out to be a top-heavy dinosaur.

Taurus 1 has effectively been scrapped, and responsibility for designing a more suitable alternative has been taken away from the Exchange and handed over to a more broadly-based securities industry committee operating under the sponsorship of the Bank of England. Effectively the big banks are playing a mnch more important role. But time is short. The industry has to get some sort of modern settlement facility in place for the electricity issus. It must be cheap for the consumer, but the Tory dogmatists will insist thet it must retain a degree of identification of shareholders with their companies.

It is not just technology that is marching on. New marketing techniques are also being developed. For instance, successive privatisations have brought innovations in advertising and the use of mailshots. Could these start to be used by already listed companies which want to broaden their private shareholder base? There could be company-sponsored PEP-type schemes for private investors: already BAT Industries has experimented with such a plan, through its eubsidiary Eagle Star.

In the US tha distribution mechanisms exist for companies to ask the securities houses to bias the placing of new stock in various ways: in favour of individuals rather than institutions or towards Chicago rather than Los Angeles. Such armies of securities salesmen do not exist in the UK at present. But maybe, in the right circumstances, they could be created.

Probably not many companies in practice want to attract large numbers of private investors at present. Huge shareholder lists can be an expensive nuisance.

Pre-emption rights — which could be used to block innovative issues — are just one factor in all this. But they are a symptom of a wider conflict. The Government has learned that it can expect little co-operation from the City establishmeot in encouraging radical changes in the pattern of share ownership.

The institutions jealously guard their rights. But they would be wise to develop some sensitive political antennae. *Caveat pre-emptor.*

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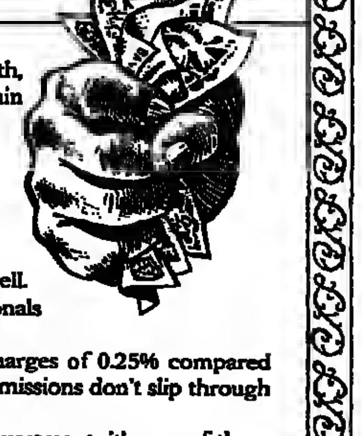

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FT 28/1/89

Foreign & Colonial

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FINANCE & THE FAMILY: THIS WEEK

Bank on making the right current account choice

IN the next few weeks many, perhaps most, adults in the UK are going to have to make e choice about the future of their current account, says David Barchard. This week Barclays and the Royal Bank of Scotland joined Midland and Lloyds in offering their current account customers new interest-bearing current accounts alongside their existing ones. Page III.

Is it too good to be true?

It all *seems* too good to be true. Legal and General'a Guaranteed Equity Fund must have a catch somewhere, thinks **Eric Short**. After all, ha argues, equity returns have a potential downside as well as upside — as the October 1987 stockmarket crash proved. **Page VI**

Surfeit of choice for savers

A good market offere choice. But le the saver today suffering from overload, asks **Barry Riley**. You can take your pick from the products of around 160 iife offices, 153 unit trust management companies and umpteen banks, building societies, investment advisers and other financial operations. Nor ie thie ali, because many offshore products are marketed in the UK, and European investment funds are about to invade the UK, mainly from Luxembourg to start with. **Page III**

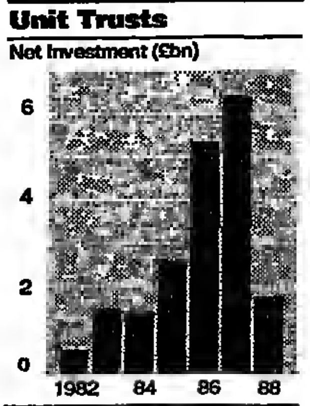
Mail to upset the postman

The postman who delivere your mail is getting pretty fed up with e stream of Business Expansion Scheme prospectuses which refuse to go through your letter box in one go. The heaviest of these are eiightly different and take you much ionger to read. They are called "schemes" rather than prospectuses or funds and they offer all sorts of ingenious ways to invest in assured tenancies under the BES. ***Heather Farmbrough*** **explains. Page V**

■ **EXPATRIATES: Splitting assets painlessly: Page V**

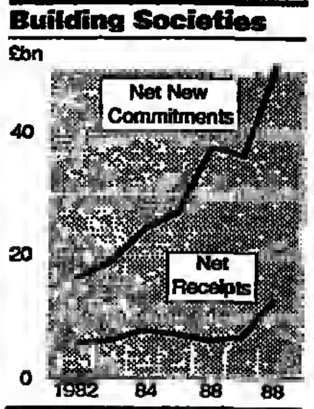
Unit Trusts

Net Investment (£bn)



Building Societies

£bn



Mortgage lending falls sharply

The Government's interest rate policies appear to be taking effect in the housing market. Figures released earlier this week by the Building Societies Association on new business show a sharp downturn in borrowing. New mortgage lending by the building societies fell to £2.23bn in December, the lowest monthly figure since January 1987, and £1.2bn down on Novembar. December is usually a poor month for mortgaga business, but this year's drop was worse than usual. However, savinge coming into building societies were up by seven per cent on November at £819m net, which helped building societies to hold down mortgage rates to just half a percentage point above base rates. *Heather Farmbrough*

Investors spurn unit trusts

Investors ended 1988 by putting little money into unit trusts, in keeping with thair behaviour over the rest of the year. Indeed, net new investment in December was the second lowest for 1988 at £33.8m, according to figures released earlier this week by the Unit Trust Association. Seasonal factors may have been partly to blame for the lowest sales of the year (£409.8m). Sales in the last quarter were, however, better than the corresponding period in 1987 immediately after the stock exchange crash, but sales over 1988 as a whola were wall below those for 1987 and 1988. But confidence in the stock market among private investors may pick up again following stronger markets this week. *H.F.*

Borrowing money over the phone

It is hardly surprising that indebtedness is becoming a Britieh disease in the way that alchoholism is for some other countries. It ie so aasy to borrow. For instance, Choice Personal Finance is offering a naw ranga of secured and unsecured loans over the telephone. You don't even have to leave your house. Choice, which is part of the TSB group, is not just offering telephone loans but claiming thet it can process applications faster than anyone else. How? "We have an automatic link to a credit reference bureeu," expisins Philip Haynes, General Manager. "Tha moment the phone cali ie made, we capture customer data and checks are made straightaway." Customers cali up Choice (Freefone 0800-600800) and are assigned a personal financial adviser, who keys in the responses to certain questions into Choice's computer. This then checks the customer'e credit status electronicaliy and calculates the amount which can be borrowed at the interest rate prevailing with the customer'e credit reting, so the financial adviser can give an instant decision. The Choice computer draws up a form which the customer must eign and return before the loan can proceed. Isn't this all *rather risky*? Weil, Choice will lend only to peopla in employment and it is employing the same kind of credit checks as other lenders. It is also offering a flexibla scala of lending rates which *reflect* risk. For instance, the interest rate on an unsecured loan from £1,000 to £7,500 varies from 20.6 per cent to 27.5 per cent on a variable APR rate, according to the customer's credit status. *John Edwards*

LONDON

Share prices surge on trade figure euphoria

THERE WAS a definite *fin de siecle* air about stock markets this week as investors celebrated merrily by pushing up share prices ahead of yesterday's trade figures. And when those figures turned out to be better than expected, a new millennium dawned as the FT-SE Index pushed through 2,000 at 1.15pm yesterday afternoon.

Even before the figures were announced, Footsia had reached another post-Crash high of 1,979, e 13 per cent increase from the depths touched on December 12. Footsie had left far behind the 1,730-1,880 trading range in which it was stuck for much of 1988.

For a month or so, London has been happy to tag along behind Wall Street and Tokyo, which surged ahead to post-Crash and all-time highs respectively. UK investors eagerly seized on sketchy evidence that the consumer boom was over as justification for their euphoria.

It was all excellent news for the market-makers. Not only did rising prices give them a chance to make money out of their books, the volume of shares traded, as investors scrambled to get back into equities, brought hope that the round of market-making job losses might be over.

Six successive trading days generated turnover of more than £1bn and on Thursday, volume on the UK and Irish equity markets was a hefty £1.97bn. Close your eyes and you could imagine you were back in the blissful days before Black Monday.

The odd bit of bad news could still upset the markets. On Wednesday a 26 point Footsie rise in early trading was wiped out as rumours of an impending rights issue and an unsuccessful attempt to place P&O's stake in Taylor Woodrow temporarily depressed the bulls.

However, tha buyers were back in force on Thursday illustrating one of the most notable facets of a bull market – that bad news is quickly shrugged aside.

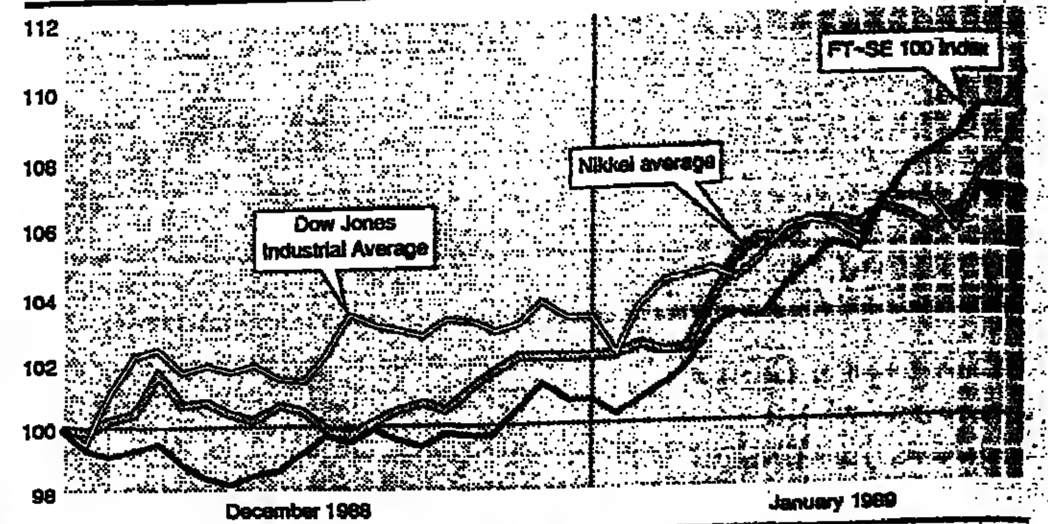
The CBI report on Tuesday – which showed that business optimism was at its lowest ebb for two years – might on the surface have been expected to depress investors. After all, rednced business optimism would seem likely to presage lower corporate profits.

But traders were concentrating on a quite different factor – interest rates. If the economy was slowing down and the trade figures were not disastrous, the Government could avoid a further rise in base rates. Tha top of the interest rate cycle might therefore have been reached.

All this depended on the trade figures – and in spite of their optimism, traders must have been holding their breaths ahead of the announcement at 11.30am yesterday.

Analysts were expecting a December current account deficit of anything between £1.1bn and £2bn – so when the figure turned ont to be £1.26bn, TOPIC screens turned almost completely blue with relief. The SEAQ system went into its "fast market" mode when traders are allowed to show indicated prices on screen because shares are changing hands so quickly.

It did not seem to matter that the December figure brongbt the total current account deficit of 1988 to £14.27bn, more than double the previous record shortfall. This was *three and a half times* the deficit predicted by the Chancellor at the time of the Budget and 10 per cent more than his revised forecast in the Autumn Statement.



Not long ago, a one month current eccount deficit of £1.26bn would have been seen as calamitous. Yesterday, it prompted a 50-point rise in Footsie by the early afternoon.

Everyone seems to accept that the current account deficit will take e long time to disappear – but the key question is whether the deficit will get worse before it gets better. Yesterday's figures seem to hold out hope that improvement, rather than deterioration, is in prospect.

Under the "weight of money" argument, those institutional investors who reduced their exposure to equities after the Crash will now pile back into the market as they see confidence finally return. They will be encouraged, bulls argue, by the fact that the current rise in prices is being driven by fundamental factors rather than the bid ectivity which prompted brief rallies *last year*.

An additional bull factor may be that the gilt/equity yield ratio is currently 2.1, below the long-term average. That would normally be an indication that equities are cheap.

However, the gilt/equity yield ratio may not be a reliable indicator at present. The long end of the gilt market is distorted by the Government's strong financial position, which offers the prospect of continuing redemptions. As a result, the yield curve is sharply inverted.

Dividing the three month London Interbank Offer Rate by the dividend yield on the

The key question is whether the deficit will get worse before it gets better

All-Share gives e rather different picture. That ratio is currently 3, compared with an all-time high of 3.4 just before the Crash and a low of 1.74.

Some also believe that a fall in interest rates – far from being a positive factor – may herald trouble. Once the pound loses its interest rate support, it could plummet.

So there are signs that the current burat of investor enthusiasm could be close to its peak. County NatWest is predicting 2,100 for Footsie by the year end; Warburg Securities is looking for 2,150. That does not leave tha market much room on the upside for the rest of the year.

Surely the bears, so prominent last year, cannot all have decided to hibernate for the winter? One old stock market adage is that when everyone turns bullish, it is time to sell.

Two companies which have failed to benefit from the share price bounce-back are Magnet, the kitchen and bedroom furniture group and International Business Communications (Holdings), the publisher.

Magnet is so dissatisfied with its share price that it is planning to be the latest company to follow Virgin's example and go private via a management buyout. If the deal goes through, it will be the largest ever MBO in the UK.

And IBC, which publishes tipsheets such as Fleet Street Letter, this week announced an unusual plan to tender for up to 40 per cent of its equity.

Such has been the decline in IBC's share price that the proposal will enhance the group's earnings. But if the markets continue to surge ahead like they did this week, few companies will be pushing to follow IBC's example.

Philip Coggan

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1988/89 High	1988/89 Low	
FT Ord Index	1638.9	+75.6	1638.9	1349.0	Institutional demand
BAT Industries	534	+43	539	447	Management buy-out hopes
Cable & Wireless	420	+23	422	365	Telepoint licence award
Dixons	160	+24	163	131½	Boots bid speculation
Enterprise Oil	554	+33	556	458	Brokers' "buy" recommendations
Greycoat	467	+39	474	394	Good pre-let news on City dev's
IBC (Holdings)	*140*	*+19*	*141*	*99*	*Share buy-in plan*
Ladbroke	490	+29	496	424	Benefits from Extel racing pull-out
Lonrho	359	+14	361	335	Good results
Magnet	271	+71	276	178	Possible Man. buy-out/T'over bid
Newman-Tonks	206	+23	206	160	Excellent prelim. figs.
Rank Org.	819	+53	830	721	Profits above expectations
Sun Alliance	1089	+67	1097	989	BZW "buy" recommendation
Taylor Woodrow	588	-28	648	566	Hoare G/Hambros buy P & O stake
Vaux Group	780	+38	784	731	Queens Moat stake speculation

WALL STREET

Old-fashioned buying panic

"WHILE WE have yet to hit a *fever pitch of panic, obviously* the urgency to participate is expanding every day." With these words Donald Kimsley, senior market analyst at Dean Witter, summed up the mood on Wall Street yesterday morning. Since the Dow Jones industrial avarage broke through the Maginot line of 2,200 two weeks ago, Wall Street has got itself caught up in a good old-fashioned buying panic. That, for the moment, is all we know and all we need to know about the US stock market.

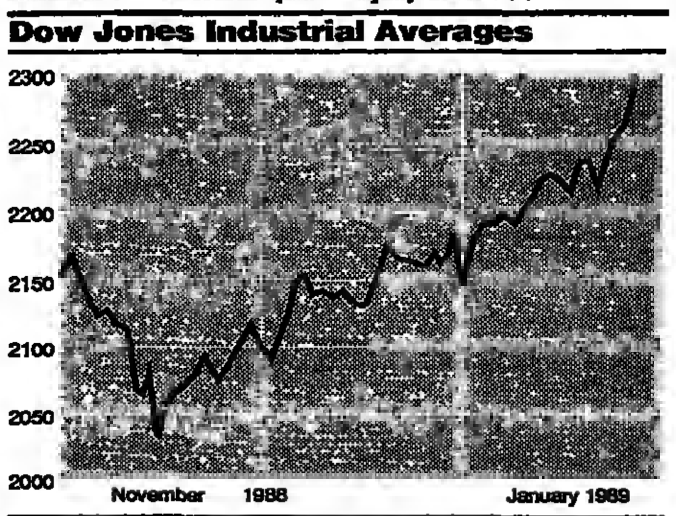
Institutions, brokers and private investors were *all* caught napping by the mini-bull market which began on November 16 and has carried the Dow up 270 points or 13 per cent in two months. With the benefit of hindsight, wa know what sparked the sudden rally.

Market sentiment, as measured by the ratio of bullish to bearish investment advisers, hit a seven-year low in mid-November. At the time, of course, there was no way of knowing that sentiment indicators would not fall still further – or that they indicated a major turning point, rather than e continuation of a bearish trend. That elementary fact explains why nobody makes money by slavishly opposing the market consensus; in the midst of a major bull or bear move, the consensus turns out to be right.

In retrospect, however, it is clear that both the stock and bond markets were thoroughly "sold out" amid the political disillusionment that followed President Bush's election. And investors' embarrassment at missing out on the start of a major bull market largely explains the world's sudden enthusiasm for buying any bit of paper carrying a dollar sign.

The fact that Wall Street is back in e psychologically-driven mode was clearly illustrated this week by the market's *ability to treat all news as* good news. This does not mean that genuinely good news is entirely non-existent. There have been some good corporate earnings announcements and yesterday's GNP figures suggested that inflation had stabilised in the fourth quarter, at least for the time being.

Dow Jones Industrial Averages



However, the balance of economic naws since the rally began in mid-November, has been more negative than positive. But in a bull market driven by sentiment, this kind of balancing hardly matters.

The fun really started last week, when equity and bond investors shrugged off e terrible figure for the November trade deficit, mainly on the grounds that the currency *traders sitting at the other end* of the dealing room had not, as expected, taken fright. The currency dealers, of course, were much emboldened by the stoicism of the bond traders, who were greatly encouraged by the courage displayed on tha equity desks . . .

This week a similar process occurred on Tuesday, when Alan Greenspan, chairman of the Federal Reserve Board, told Congress that inflation was now too high and would need to be scotched with still higher interest rates. Far from recoiling from this sombre news, investors interpreted Greenspan's comments as bullish, since they implied that the Fed would never again allow inflation to get out of hand.

What really gave the game away, however, was the financial markets' reaction to a statement the following day by President Bush. "I haven't talked to Alan lately, bnt I don't want to see us move so strongly against fear of inflation that we impede growth," the President said.

The President did not explain how the Fed could move against inflation without "impeding growth." But the same investors, who were so inspired by Greenspan's anti-inflationary zeal, were equally thrilled that he would not be allowed to do much about it. Further bullish signs came from the biggest jump in durable goods orders for 18 months, followed closely by a weaker than expected GNP figure.

To recapitulate: in the present state of market psychology, *all* news is good news. This is potentially a dangerous situation. But as anyone who took the rollercoaster ride of 1987 will remember, it took many months of speculative fever to exhaust the enthusiasm of the bulls.

The chances are, of course, that this time round investors will remain more cautious, but that does not mean that the reprise will be e muted affair - since markets love nothing better than to climb e "wall of worry." Once sentiment turns, however, perhaps towards the end of the current economic cycle, stock prices will could easily plunge back to their Black Monday levels.

Whether the risk is worth the reward depends on how much more power the present wave of enthusiasm has behind it – and that is a question we will only be able to answer after the event.

Monday	2218.39	– 16.97
Tuesday	2256.43	+ 38.04
Wednesday	2265.89	+ 9.46
Thursday	2291.07	+ 25.18

Anatole Kaletsky

JUNIOR MARKETS

A big welcome to Creep-Pea

CREEP-PEA is a villain. He lives in a castle and plots dastardly deeds against Hap-Pea, Sweet Pea, Grump-Pea and their ilk who inhabit the flower pot houses in the imaginary village of Poddington.

If all goes to plan, he and the Poddington Pea Family will feature in cartoon series and spin-off products, making profits of more than £1m in the next two years.

The antics of these endearing cartoon characters might not, in themselves, thrill the more hard-bitten elements of the City community. They could however raise a cheer among aficionados of the Third Market.

Poddington's launch onto the Third Market this week is a particularly welcome event with which to celabrate its anniversary. The Third Market – for companies that are too small or new young to join either the Unlisted Securities Market or the main market – was born two years ago this Thursday.

New recruits are usually well received by any organisation. But the Third Market has reason to be particularly grateful to newcomers. So far the grand total of companies recruited is just 59 – and five of these have stepped up to the USM and three more have been taken over. That is a touch discouraging given early estimates that 120 companies would join the market in its *first year*.

For this reason, the Third Market's second birthday was a rather mnted affair. "The market has been a real disappointment," says Brian Winterflood of Winterflood Securities, which is the principle market maker in Third Market stocks. Turnover is negligible and the interest in joining the market is diminishing, he believes.

Even its name, he says, lends it a rather dowdy, third class image. "People do not feel *it would do their image* any good," he argues. "It needs to be packaged differently."

Paul Knott of Peat Marwick McLintock takes a slightly more optimistic view. However, even he admits that there are drawbacks.

For one thing, turnover is desperately low. It had shrunk to just 60 bargains e day by the end of last year – compared with a high of more than 300 in July 1987.

Another cause for concern is the small number of companies joining the market. In this, costs are clearly a deterrent. Peat Marwick estimates that the costs of flotation are roughly 10 per cent of the funds being raised. In the case of Poddington its placing, which will raise £1m, will cost more than £150,000.

The high costs go hand in band with intense scrutiny of the companies' plans and projections. Ian Green, managing director of Poddington, was staggered by the scale and thoroughness of the work involved – although the exercise was worthwhile in the end, he says.

The rigour of this process is nnsurprising since sponsors are extremely wary about taking on companies which have no track record. So much so, in fact, that Poddington swells the ranks of start-up companies to a total of just six.

Start-up companies are not the only category of companies that seem under-represented. Contrary to earlier expectations, only 11 companies that were formerly traded on the Over-the-Counter market have made the transition.

This feeble response is partly because the Financial Services Act – which effectively killed the OTC market – took so long to bite, says Knott. It is also because a lot of former OTC stocks cannot or will not meet tha criteria needed to trade on the Third Market.

A further, somewhat disappointing source of companies for the Third Market is the Business Expansion Scheme. So far, just six BES companies bave joined the markets and only three of those have raised new money.

Another cloud hanging over the market is the possible outcome of the discussion about EC draft directive on public offers. This could make the disclosure rules on acquisitions more onerous and thus expensive for companies traded outside primary markets.

"In the longer term it could have quite a drastic effect in terms of numbers coming to the market," says Knott. Companies would be deterred from the extra costs of making acquisitions and so would be more likely to wait until they are able to come to the USM, he says.

But, for all this, it would be a mistake to dismiss the Third Market as a flop. One of the most encouraging features of the market, he says, is its good record on secondary financing. A total of 24 companies have used the markets on 42 occasions to raise £87m.

Furthermore, the feedback from the companies involved is very positive, he says. Their standing has been raised in the eyes of banks and brokers enabling them to embark on new projects.

This ability to fuel the expansion of companies is, in the end, the key test of a market. That, in the case of Poddington is a question that will only be resolved in time.

Vanessa Houlder

NORTH EAST LANCASHIRE

The Financial Times proposes to publish this survey on:

Friday, 31st March 1989

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Hero of the small shareholder

TINY ROWLAND, chief executive of Lonrho, scourge of the Al Fayeds and the British Government, has traditionally been hailed as a small shareholders' hero.

Last week, Rowland did much to live up to this reputation. He delivered a set of 1988 profits well ahead of City expectations, combined with a trebled first interim dividend, a *one-for-six* bonus issue, and an exceedingly bullish statement on the prospects for the London-based group which encompasses 800 companies in 80 countries.

"I am far more optimistic than usual," he trumpeted, "and I can tell you with confidence, after 28 years with Lonrho during which I have not sold a single share, that the outlook is astonishingly good."

In a not very veiled reference to Alan Bond, the unwelcome antipodean who has a 21 per cent stake in Lonrho, Rowland declared that it was "no wonder [that] Lonrho is attractive to opportunity seekers who calculate that by sending the healthy group to the breaker's yard, they could expect to get far more than the share price, and far more than the cost of an offer for the whole company."

Small shareholders, on the other hand, were invited to contemplate Lonrho's "magnificent set of major assets across the world " and urged to stay on board: "Let's stay together and see our shares continue their strong advance with the company. I wish I had a few more."

Stockbrokers' anelysts responded by marking up their forecasts for the current year, from £250m to £260m. The shares perked up 11p to close at 360p – well below the 428p peak achieved last autumn, but still massively above the 200p *mark around which they hov*ered until Asher Edelman, the New York-based arbitrageur, put the company "into play" last summer.

In assessing whether to accept Rowland's invitation to stay with a company engaged in every kind of business from publishing to agriculture, small shareholders must assess whether the shares are fairly rated in relation to fundamentals – and then take a view on Bond's likely manoeuvres over *coming months*.

Last week's figures – typically – gave very little away on the detailed financial performance of the group during 1988. That will come in about a month's time when the annual report is sent out; in the meantime, it is possible to deduce a little of what has been going on by scrutinising the chief executive's statement.

It appears that vehicle distribution (Lonrho owns the VAG distributorship for the UK) had a bumper year, and that general trading did well following the acquisition of Krupp Lonrho, but mining fell back (only slightly) as did the hotels division overall because US tourists have been cutting back on their trips to Mexico and Bermuda (where two of Princess Properties' biggest hotels are located). Manufacturing did very well.

Overall, the proportion of profits coming from the UK rose from 34 to 38 per cent. This is encouraging: as the contribution from Africa falls, investors will become increasingly confident of the quality of Lonrho's earnings. The increase in quantity of earnings is very respectable: they have grown at a compound annual rate of 22 per cent over the last five years.

Rowland's hyperbolic assessment of current year prospects is based on more than an undercurrent of fact. For a start, profits will benefit to the tune of *at least* £10m as the result of the disposal of the European wines and spirits division to Brent Walker; and than there is likely to be a resurgence in profits from mining.

Assuming a surge in pre-tax profits to £260m-£265m, the shares now sit on a prospective multiple of 10.5. This represents a slight premium to the market as a whole – something which Lonrho never enjoyed before Edelman came *along. The question is whether* the premium is justified on the basis of fundamentals or is sustained only because of continuing bid speculation.

Consideration of the yield is helpful here. Following the trebled first interim, analysts now expect the company to pay a total of 17p a share this year. This means that the shares will yield 6.5 per cent this year, against a market average of just 5 per cent. The feeling in the market yesterday was that shareholders would not let Lonrho's yield go much higher.

In other words, the share price is propped up at current levels without taking account of Bond.

Even though he has gone quiet recently, it is worth remembering that if Bond makes a bid, he will have to offer at least 425p (in practice, the bid would have to be a lot higher than that to have any chance of success). If he decides he can't afford a bid, he might want to take his holding to 29 per cent before selling it on to someone with more financial muscle.

Tiny Rowland: profits ahead of expectations

Either way, the shares are worth holding.

David Waller

هكذا صدر الأصل

FINANCE & THE FAMILY

David Barchard on the benefits and disadvantages of switching to an interest-bearing current account

Bank on making just the right choice

IN THE next few weeks many, perhaps most, adults in the UK are going to have to make a choice about the future of their current account. This week Barclays and the Royal Bank of Scotland joined Midland and Lloyds in offering their current account customers new interest-bearing current accounts alongside their existing ones.

Distinguishing between the relative merits of accounts with names such as "Classic," "Meridian," and "Flexible" may not be too easy.

From the customer's point of view, possible interest earnings have to be balanced against the costs or disadvantages of the new schemes.

All the banks recognise that paying interest on current accounts will cost them money. Barclays estimates the likely cost this year to the bank as between £50m and £65m. So the banks hope the "inertia factor" will slow down the number of customers switching to the new accounts.

Should you keep your savings in the bank? First, remember that there will be better places to keep large savings than your current account. Anyone wanting to keep deposits in the bank and wanting to write just a few cheques each month, would probably be best advised to ignore the new accounts and stick with a high interest cheque account. This will bring you a better rate of interest on amounts over £2,500.

If you cash a lot of cheques when making purchases, there is an easy way to cut down on this — use a debit or credit card instead. The Royal Bank offers 8.63 per cent net on its High Interest Cheque Account for amounts above £2,500, rising to 9.21 per cent on £50,000.

If you keep only modest sums in the bank, the interest you will earn from your current account is unlikely to buy much you many hot dinners. If you have an average balance of £500, for example, you can look forward to earning between £32.50 and £27.50 a year on it.

Allow your account to go temporarily into overdraft of more than £100, and even if you keep an average balance of £500 your earnings may shrink to nearer £20.

When looking at interest rates by the way, you should ask whether your bank is offering you "tiered rates" — those paying the top rate of interest applicable on all your funds — or "banded rates" — those paying lower rates on the first £500 or £1,000 and the higher rates only on funds above a certain level. Banded rates mean that the interest you actually earn may be less than it looks at first sight. Lloyds and Barclays offer tiered rates. Midland and Co-Op Bank pay their current account customers interest only on the banded basis.

However, your net position will also depend on whether or not the bank charges a fee for the glittering new current account it is offering you. Here one clear difference shows up immediately. For two of the three accounts offered by Midland, Meridian and Vector, you pay a £10 monthly fee.

So if you keep an average credit balance of £500 in Meridian or Vector you will actually be out of pocket at the end of the year by about £87.50 for the former and £85 for the latter. Customers seem to have spotted this. Vector was first launched in 1987 and has picked up customers much more slowly than the interest-bearing accounts launched by Abbey National and Nationwide Anglia.

FlexAccount and the Abbey National Account perform fairly well by comparison with the banks' new accounts if you are in credit, bringing in interest of £25 and £27.50 on average balances of £500.

For those whose accounts go into authorised overdrafts beyond £100 and still maintain the £500 average balance over the year, FlexAccount and Abbey National are the star performers, earning about £5 a year more interest than any of the banks.

If you regularly run an overdraft and don't maintain an average credit balance of a few hundred pounds, then the picture changes very sharply. Banks make most of their profits from lending money and your overdraft is a form of lending. You should look very carefully at the costs of the new accounts.

Average £500 balance (overdrawn twice in year by more than £100)

	£ Interest paid	£ Charges incurred	£ Net position
RBS IPCA	32.50	12.00	+ 20.50
Abbey National	25.00	—	+ 25.00
Classic	32.50	12.00	+ 20.50
Meridian	32.50	120.00	— 87.50
Orchard	27.50	10.00	+ 17.50
Vector	35.00	120.00	— 85.00
Flexaccount	27.50	—	+ 27.50

Administering small overdrafts is time consuming and expensive for the banks, so most of them are now prepared to treat overdrafts under £100 relatively benignly. Free overdraft facilities on the first £100 now look like becoming the norm. Equally, scrapping transaction charges is not a hugely generous gesture, especially when they are replaced by fixed charges on overdrafts.

For once you breach the £100 *limit overdrafts start to bite.* Royal Bank and Lloyds will charge you a £6 monthly fee, and Midland Orchard charges you £5 a month.

Barclays is slightly cheaper. For an unauthorised overdraft over £100 on any of its accounts, you pay a quarterly fee of £12. For an agreed overdraft on the new Interest account, there is a once only fee of 2 per cent of the agreed limit. The agreed limit is likely to be around one month's net salary. If you are only briefly in overdraft, this would mean a fairly hefty £40 on a £2,000 monthly pay cheque or about £3.33 a month if the overdraft ran for a whole year. After that there is an annual renewal fee of £10.

On top of the fee, of course you will pay interest. On traditional current accounts, you could usually negotiate with your bank manager and get between 4 per cent and 7 per cent over base rate. With the base rate at 13 per cent, this would mean interest of about 20 per cent for many people.

On Midland Vector and Meridian, expect to pay about 19.5 per cent APR for an automatic overdraft. On Midland Orchard, the rate rises to 23.1 per cent APR. Lloyds Classic and Barclays Interest account charge 22.4 per cent APR and 22.7 per cent APR. Royal Bank will charge 19.5 per cent APR on authorised overdrafts and 2 per cent above the APR of 26.8 per ceot on unauthorised ones.

So, should you stay with your old current account (renamed Flexible in the case of Barclays) or switch to a new interest bearing one? For Midland customers, the charges on Meridian and Vector accounts are surely good reason to stay put.

If you run periodic large overdrafts and don't keep track of it, you would probably also be best advised to stay where you are. For most other people, the new accounts are surely a good deal and they will make definite but modest gains by switching.

Finally, if you don't want a cheque book or overdraft, but do want a cash card and standing order facilities along with the chance to earn a bit of interest on your bank account, then Barclays is offering you the *Instant Account*, which earns 4.5 per cent on balances up to £500 and 6.5 per cent above that.

It is pretty much like the Cashcard accounts which Halifax and Alliance & Leicester building societies offer. It may appeal to young people starting out with a bank. Barclays has one big advantage over tha building societies. There are many more of its branches around and you will generally have to travel less far to get to one of its cash machines.

Barry Riley on the choices offered to investors

Savers should prepare for a fresh invasion

A GOOD market offers choice. But is the saver today suffering from overload?

You can take your pick from the products of around 160 life offices, 158 unit trust management companies and umpteen banks, building societies, investment advisers and other financial operations. Nor is this all, because many offshore products are marketed in the UK, and European investment funds are about to invade the UK, mainly from Luxembourg to start with.

Confused? You may be able to take a degree of grim comfort from the fact that many investment professionals are up a gum tree, too. This week the market research company Taylor Nelson has disclosed the results of a survey last August of independent financial advisers. It turned out that they were so swamped by the torrent of 121 new savings products in a single month that nearly half of them had completely switched off.

To put it more specifically, 43 per cent of the sample of 261 respondents, all of whom were Fimbra members offering independent financial advice to the public, were unable to recall any of these new products spontaneously.

Perhaps their response to the torrent of junk mail was what yours and mine would be. But what makes this a serious matter is that independent financial advisers (IFAs) are required under the Financial Services Act to give "best advice" to their clients. They are under an obligation to survey the whole market and select the particular product that best meets the client's requirements, in terms of design, charges, investment performance, back office efficiency and any other relevant factor.

Can they do this if they cannot keep track of what is actually available in the market place? After all, every new product is unique, innovative (if not revolutionary) and marks a breakthrough for the saver.

Most of the time, it is true, this is all just marketing hyperbole. Usually a new launch is of yet another me-too personal pension umbrella fund, endowment mortgage or Europe 1992 unit trust. But each new plan ought to be assessed. The bad ones deserve to die a death. Yet in current circumstances even the good ones are being buried in the landslide. There is an immense waste of marketing investment, and in the end this is usually paid for in the form of lower returns to the investors in established funds.

To the ordinary investor all this is decidedly off-putting. In most consumer areas he is confronted with only a few strong brand names, which become familiar. Some financial services companies are attempting to reproduce this brand recognition factor through heavy advertising, including TV commercials, but this is extremely expensive and the results are usually disappointing because there are simply too many companies doing it.

It is not surprising that retailers with strong brand names are tempted to break into this chaotic and fragmented market place and impose a bit of order. Marks & Spencer has been the first to take the plunge. Nobody supposes that M & S knows much about running unit trusts. But as a successful retailer it is adept at sub-contracting design and production to manufacturers of all sorts of products.

In selling directly to the public, companies like M & S avoid any requirement to give best advice. So is the public not better advised to go to an IFA? In theory expert advice will pay off. But in practice the intermediaries appear to be snowed under.

The Securities and Investments Board, the top investment regulatory body which acts as s watchdog on behalf of the poblic, seems to have recognised these shortcomings. It has modified its definition of best advice, and intermediaries will now feel it is safe to give the same, standard proposals to many of their clients.

Fimbra, one of the self-regulatory organisations to which the SIB relegates its investor protection responsibilities, has followed this lead. This week Fimbra's director of practice and development, Richsrd Cockcroft, suggested that "best advice" should be redefined as "good advice". It seems that IFAs will no longer be penalised for any failure to survey the product market continuously.

This may be no more than the practical acceptance of the reality of the situation. But the change has proved controversial and raises the question of just what quality of advice the man in the street can expect when he seeks independent help.

With commissions on the way up, he seems likely to pay more for worse advice. In a confused industry, that is the only point about which you can be reasonably certain.

Not quite what they seem

BEFORE YOU decide what kind of person you are — a Vector, Orchard or Meridian — it might be wise to take a close look at what you are actually being offered by the Midland Bank in its campaign promoting its new interest-bearing accounts that become available from February 20.

The fact is that the interest rates on Orchard and Meridian accounts are not quite what they seem. Midland has taken a leaf from the Co-Op Bank and introduced what are called, euphemistically, "banded" rates. This is not the same as tiered rates, where the amount of interest paid on the *whole* balance goes up in line with the size of the deposit; Lloyds, for example, pays 4.5 per cent on balances of up to £500 in its new Classic account, rising to 6.5 per cent if the balance goes above £500.

"Banded" rates work differently. With these, you get only the interest rate qnoted for each band. For example, the Orchard account pays 5 per cent on balances up to £250; 8 per cent on balances between £250 and £1,000; and 7.5 per cent on balances over £1,000. But the 6 per cent is not paid on the first £250; only on the amount above that. So, the true rate on, say, a deposit of £750 is actually 5.66 per cent (£42.50), made up of £12.50 on the first £250 and £30 on the remaining £500.

On a balance of £1,500, the true rate is only 6.3 per cent — £12.50 on the first £250; £45 on the next £750 and £37.50 on the remaining £500.

There are similar "bands" with the Meridian account. The bank pays a top rate of 8 per cent on balances over £2,000; 7.75 between £1,000 and £2,000; and 6.5 below £1,000. Thus, the true rate on a deposit of £3,000 is actually just over 7 per ceot. The savings accounts for both Orchard and Meridian use the same "banding" approach.

The Vector account is more straightforward in that it pays a flat rate of 7 per cent on the *whole* balance, and 8.5 per cent on its savings account. However, you pay a fixed monthly fee of £10, which goes a long way towards mopping up the interest: you would need to maintain an average minimum balance of over £1,700 during the whole year just to pay the £120 annual fee. You do get a free overdraft of up to £250; but if you go above that figure, the interest rate is 1.5 per cent per month, equal to an annual percentage rate (APR) of 19.2 per cent.

You also pay an additional £4 a month fee if you want other services such as a Eurocheque card, free legal advice, some insurance cover and motor assistance.

With the Orchard account, you get "free" banking only if you are in credit. But if you are overdrawn, there is a monthly charge of £5. The rate for an overdraft "on request" is a hefty 1.75 per cent (equivalent to an APR of 23.1). You pay an additional £5 monthly charge if you want other services, including a £100 (as opposed to £50) cheque guarantee card.

The Meridian account provides "free" banking only if an average balance of over £1,000 is maintained. Otherwise, you pay a fixed fee of £10 a month.

John Edwards

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FINANCE & THE FAMILY

NEXT WEEK

Dealing with the downturn

NEXT WEEK promises to be meat and drink for connoisseurs of the defensive stock. According to taste, they are likely to find company results which demonstrate relative immunity, conservative strategy or, at the least, e certain fleetness of foot in the face of a UK consumer downturn.

Economists, meanwhile, will be hoping for more evidence that the UK is responding to treatment, and what that treatment implies for the consumer-led companies; and followers of the takeover game, if things go as planned, may explore the wilder shores of their own little world.

BOC, the industrial gases group chaired by the American-born Richard Giordano, was marked as a defensive counter last year. This does not mean passive. Giordano, for example, took steps to get his company involved in Japan because that, he said last September, was where the money was. The company has also pioneered a number of innovations in shareholder relations – the latest being last October's decision to declare its dividend intentions at the beginning of a year.

Its defence is in the spread of risk. BOC's overseas companies were estimated to contribute more than 70 per cent of operating profits in analysts' forecasts for the year to last September. The corollary – currency risk, in the dollar's potential weakness against sterling – was covered, said Giordano, by hedging expected 1987-88 earnings at a specific exchange rate.

The first quarter results for 1988-89 are due on Thursday. Richard Henderson, who covers the company for the Nomura Research Institute, says in a pre-quarterly comment that there should be a first quarter gain of 15 per cent to £73m in profits before tax, on the way to e total of £335m for the year, up from £301.5m in 1987-88.

He notes that the share price has been in a clear uptrend against the market over the past nine months but, clearly, he feels that the re-rating has been too shallow. "We do not regard it as reasonable," says Henderson, "that BOC should stand at a P/E discount to e market which we judge to be more vulnerable than the company itself."

Richard Giordano: getting BOC involved in Japan

WH Smith, arguably, is on the defensive flank of the UK retailing industry. Under chairman Sir Simon Hornby it is also gaining a reputation for the sort of management which may shine more brightly in a conservative stock market than in one which throws caution to the winds. Well publicised troubles in newspaper distribution and do-it-yourself are expected to be digested, dealt with and balanced by successes elsewhere.

By the middle of this week the shares had performed 12 per cent better than the stores average over the previous month, and 6 per cent better over the past three. Mark Husson of Morgan Stanley says that this good run has come as fashion retailing and other "high-ticket" merchandise such as "brown" consumer durables have fallen out of grace.

There is evidence, too, that Smith's more defensive product mix may have done well. The company itself has not been talking about its Christmes trading experience, because of the imminence of its interim figures next Wednesday. However, according to Husson, counterparts such as Boots have been enthusing about holiday sales of compact discs and tapes. Meanwhile he expects half-year profits to rise from £30m to about £34m before tax.

Elsewhere, Shearson Lehmann expects Allied Textile Companies to show £11⅘m pre-tax in Monday's preliminary results, against £9.3m last year while Bullough, the industrial conglomerate which takes in Britain's biggest office furniture group, should be good for £24m to £26m on the same day. Tuesday sees results from the embattled Blue Arrow employment group.

Economic indicators include new vehicle registrations on Tuesday. This is not normally one for the boffins, but they will want to be sure that consumer spending is slowing down; and the retail sales, which encouraged them earlier this month, did not include the vehicle statistics.

Sir Simon Hornby: success may balance out troubles

Monetary figures, also due on Tuesday, will be awaited for M1 and M2. The first, effectively, takes in banknotes and coin in public circulation, plus current accounts with the banks; the second adds building society deposits to that total, and both are money which is easy to get at, and spend. These figures have not grown much since interest rates went galloping up last July, and they are clearly expected to stay within bounds on Tuesday.

Finally, housing starts and completions (due on Friday) are coming back into fashion. Economists take the view that a number of the UK's economic ills have stemmed from the housing market pushing up prices, especially in the south-east of the country.

According to comedian Ronnie Corbett, people are living in houses that earn more than they do. However, housing starts have been very flat since the peak of the market last July. The figures will be examined for evidence of a continued slowdown.

In Parliament, Labour peers are going to demand changes in the law on takeovers. The committee stage of the Companies Bill is due to open in the House of Lords on Monday, and amendments are due to be moved which would force predatory bidders to prove that asset stripping was not their sole objective.

Typically, however, the takeover game in the City of London has moved on by a gambit or two. Tuesday sees the close of the management buy-out bid for Ryan International, the coal mining and coal recovery group. Crispian Hotson, chief executive of Ryan, said last December that the decision to go private reflected e divergence between the requirement of a quoted company to perform in the short term and the need for Ryan to adopt a longer term strategy.

Then, this week, it transpired that the subscription agreement between the various potential shareholders in Digger, the buy-out vehicle, offered the possibility that Ryan could come back to the stock market within four years. Last week also saw the news that the management of Magnet are planning what could be a £500m buy-out for their company.

In the US, the fashion for leveraged buy-outs, imposing a massive debt on sometimes threadbare corporate fabric, has come in for heavy political criticism. If it moves to the UK, it can expect similar treatment.

William Cochrane

Property rises

PROPERTY PRICES in the south-west of England rose by 45 per cent on average in 1988, according to Bristol & West Building Society's latest quarterly review of property prices. Most of the increase took place over the first nine months of the year – prices in December rose by only 1.4 per cent.

The Avon coast saw the biggest increases, with prices up 53 per cent, followed by the Exeter area, at 50 per cent. But property in Swindon showed little increase (18 per cent). Bournemouth was only a little better (28 per cent).

Starter homes showed the highest rate of increase (51 per cent), compared with a 41 per cent for four-bedroomed detached houses.

Brian Sims, acting chief executive of Bristol & West, expects property price increases in the West Country to run slightly ahead of the average in 1989, although he does not expect to see a repeat of last year's performance.

Heather Farmbrough

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Allied Textile Companies	Tuesday	3.4	6.6	3.8
Blue Arrow	Tuesday	0.2	0.8	0.3
Bullough	Monday	4.3	8.7	5.0
Drayton Far Eastern Trust	Wednesday	0.4	1.1	0.4
Electronic Machine Company	Tuesday	0.3	0.6	0.3
Fleming American Invest Tst	Wednesday	0.5	1.062	0.33
Securiguard Group	Tuesday	1.7	3.3	2.2
Throgmorton Trust	Tuesday	2.75	7.85	4.5
Wilding Office Equipment	Tuesday	1.3	1.26	1.5
Young Group	Thursday	-	-	-
INTERIM DIVIDENDS				
Aerospace Engineering	Wednesday	1.3	1.3	-
Bailey CH	Tuesday	-	-	-
Black Peter Holdings	Thursday	0.51	1.31	-
BOC Group	Thursday§	6.15	7.85	6.85
Bristol Channel Ship Repairer	Tuesday	-	-	-
British Bloodstock Agency	Tuesday	2.5	6.3	-
Dudley Jenkins Group	Tuesday	-	1.0	-
GT Japan Investment Trust	Monday	0.4	1.9	-
Harvey & Thompson	Tuesday	3.0	9.0	-
Haynes Publishing Group	Monday	7.0	10.0	-
LIT Holdings	Thursday	0.54	0.96	-
Mountleigh Group	Tuesday	1.25	2.5	-
Planning Research & Systems	Friday	-	-	-
Rush & Tompkins Group	Tuesday	3.25	8.3	-
Scott Pickford	Monday	-	3.1	-
Smith WH Group	Wednesday	3.0	6.9	-
Sommerville William & Sons	Monday	1.0	11.0	-
Textured Jersey	Monday	2.5	4.5	-
Welsh Industrial Invest Tst	Monday	-	-	-
Wholesale Fittings	Friday	2.69	10.2	-
YRM	Thursday	1.0	2.0	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. § first quarter figs.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Argyle Trust‡	107§§	108	92	22.57	Dewey Warren
Bassett Foods	400*§	470	400	62.94	Procordia
Brit. Syphon‡	155*	156	159	45.73	Britannia
CSL Corp.	138	133	108	28.51	TIP Europe
Cambrian & Gen.	112*§	114	92	51.13	Leucadia
Camb. & Gen. Cap.	130*§	133	105	20.19	Leucadia
Corah‡	75*§	73	66†	27.2	Charterhall
HPC Group	132	128	123	8.79	Sidlaw
Johnstones Paints	280	223	205	24.15	La Seigneurie
Polytechnic Elec.	205	197	197†	18.45	Peek
Ricardo	140	138	125	20.35	First Technology
Ryan Int.	140*§	135	104	88.59	Digger
Thomson T-Line	90*	92	50	151.95	Ladbroke Group
Viking Res.	55*§	58½	57	22.0	Aviva Pet.

*All cash offer. ††Cash alternative. ‡Partial bid. §For capital not already held. ¶Unconditional. **Based on 2.30pm prices 27/1/89. †At suspension. §§Shares and cash.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Acsis	Dec	3,880	(1,990)	2.8	(1.9)	0.6	(-)
Argyle Trust	Dec	1,420	(1,110)	4.43	(4.12)	4.0	(3.0)
Bear Brand	Dec	186	(1,030)	-	(-)	-	(-)
Blick	Sept	4,720	(3,910)	16.6	(13.8)	5.6	(4.2)
Camford Eng	Sept	4,270	(3,120)	14.3	(12.0)	5.0	(3.0)
Central Motor	Oct	1,260	(745)	9.06	(6.31)	2.75	(2.5)
Co.of Designers	Sept	1,860	(1,170)	9.5	(8.3)	3.5	(-)
Domino Printing	Oct	6,120	(4,491)	17.9	(20.1)	3.6	(2.9)
Duncan Lawrie	Dec	907	(769)	-	(-)	-	(-)
Flem Fledg Inv	Dec	466	(328)	3.87	(2.16)	2.6	(2.6)
Goring Kerr	Sept	3,000	(2,780)	25.4	(22.7)	15.0	(13.5)
Greenfriar Inv	Dec	582	(463)	4.16	(3.94)	3.05	(2.5)
Group Dev Cap	Sept	327	(32)	0.91	(0.09)	0.7	(0.06)
Heavitree Brew	Oct	1,140	(1,020)	46.1	(37.1)	14.0	(12.4)
Hey & Croft	Oct	2,410	(1,469)	12.6	(6.6)	2.8	(2.55)
Hill & Smith	Sept	5,620	(3,500)	21.7	(13.7)	5.0	(3.97)
Hunterprint Grp	Oct	8,450	(5,890)	26.8	(27.7)	10.0	(7.06)
Kershaw A & Sons	Oct©	8,260	(6,465)	23.7	(18.5)	22.25	(18.5)
Lonrho	Sept	225,000	(200,000)	30.0	(25.8)	13.0	(11.1)
Microgen Holding	Oct	10,040	(9,610)	17.1	(16.3)	6.5	(5.5)
Nash Industries	Sept	1,640	(1,010)	12.1	(9.0)	3.0	(2.5)
Newman Tonks	Oct	16,820	(14,060)	15.8	(13.3)	8.5	(7.7)
Oldham Estate	Sept	32,100	(30,700)	6.04	(4.95)	-	(-)
Omnitech	July	18	(260 L)	0.1	(-)	-	(-)
Panfida Group	Sept	1,800	(1,080)	4.50	(2.21)	2.25	(2.0)
Rank Org	Oct	255,100	(209,098)	72.6	(58.2)	26.2	(21.7)
RCO Holdings	Sept	2,010	(1,400)	12.1	(8.75)	6.0	(4.38)
Sega Group	Oct	4,310	(2,213)	17.0	(6.74)	5.75	(4.6)
St. Andrew Trust	Dec	2,580	(2,240)	5.32	(4.5)	5.05	(4.2)
Selective Assets	Dec‡	591	(-)	1.52	(-)	0.55	(-)
Soundtracs	Nov	822	(691)	5.32	(4.45)	2.2	(1.9)
Spice	Sept	23	(1,260)	0.5	(13.0)	1.2	(3.6)
Splash Products	Oct	937	(262)	6.43	(2.88)	3.0	(2.2)
Taco	Sept	3,620	(4,050)	16.9	(22.9)	11.0	(10.0)
Tranwood	Dec	4,230	(559)	2.94	(0.56)	1.5	(0.5)
Warner Estate	Sept	5,780	(4,446)	7.77	(5.98)	6.25	(5.4)
Widney	Sept	307	(426)	0.3	(3.0)	1.0	(1.0)
Willoughby's	Sept	5,330	(4,460)	39.0	(31.8)	6.0	(2.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
AIM Group	Oct	2,060	(1,540)	2.4	(2.2)
Applied Holographics	Sept	997 L	(416 L)	-	(-)
BCE Holdings	Sept	93	(102)	0.4	(0.4)
Beales John	Nov	1,010	(812)	1.86	(1.65)
Biotechnology Invest	Nov	108	(309)	-	(-)
Borland Int'l	Dec†	678	(141)	-	(-)
Deejan Holdings	Sept	10,030	(13,400)	0.0	(8.0)
Dale Electric Int	Oct	1,190	(861)	2.0	(1.75)
Dyson J&J	Sept	873	(551)	2.0	(2.0)
Fleming Tech Inv Tst	Nov	706	(373)	0.2	(0.2)
Flogas	Nov	1,080	(904)	2.31	(2.1)
Gibbs Mew	Sept	1,550	(599)	1.75	(1.5)
Globe Invest Trust	Dec●	26,450	(25,490)	-	(-)
Goodhead Group	Nov	2,700	(1,440)	1.75	(1.5)
Heath Samuel & Sons	Sept	255	(236)	1.0	(1.0)
Kenyon Securities	Sept	928	(638)	2.0	(2.0)
Kingsgrange	Oct	542	(1,080)	0.75	(0.75)
Knobs & Knockers	Sept	408	(203)	0.8	(0.67)
McKay Securities	Sept	1,660	(1,430)	2.5	(2.3)
Menvier-Swain	Oct	1,620	(1,250)	1.6	(1.2)
Mosaic Investments	Oct	718	(283)	2.0	(1.0)
Murray Smaller Mkts	Nov	1,090	(1,040)	0.65	(0.55)
Newmark Louis	Oct	817	(611)	5.3	(5.3)
Optical & Medical	Sept	3,180	(2,000)	1.65	(1.5)
Park Food Group	Sept	2,890 L	(2,090 L)	1.95	(1.7)
Pathfinders Group	Sept	337	(298)	0.3	(-)
Plantation Trust	Sept	33 L	(38)	-	(-)
Practical Invest Co	Nov	577	(790)	1.0	(1.0)
Primadona	Dec	69	(132 L)	1.25	(1.25)
Prism Leisure Corp	Sept	316	(274)	1.5	(1.46)
Property Security	Sept	2,650	(1,963)	1.5	(1.25)
Resort Hotels	Oct	423	(-)	0.2	(-)
Saville Gordon J	Oct	3,020	(1,830)	0.4	(0.33)
Shelton Martin	Sept	67	(63)	0.5	(0.5)
Shield Group	Sept	842	(642)	1.0	(1.0)
Specialeyes	Nov	538	(283)	0.5	(-)
Stonehill Holdings	Oct	398	(934)	-	(-)
West Trust	Sept	29 L	(317 L)	-	(-)
Wintrust	Sept	2,340	(2,080)	2.5	(2.25)
Wood John D	Oct	435	(1,100)	1.5	(1.5)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. ‡ figs for 18 months. † figs for 3 months. ● figs for 9 months. © after tax profits.

RIGHTS ISSUES

Bear Brand is to raise £5.72m via a two-for-three rights issue at 11p.
Expamet International is to raise £13.5m via a one-for-four rights issue at 148p.
Hughes HT is to raise £8.98m via a one-for-three rights issue at 117p.
Memcom International is to raise £1.7m via a seven-for-five rights issue at 10p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Teres Hire is to join the USM via a placing of 2.46m shares at 62p.
Wood Graham is to join the main market via a placing of 1.62m shares at 185p.

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FINANCE & THE FAMILY

Heather Farmbrough guides savers through offers that land on the doormat

Mail to make the postman groan

THE POSTMAN who delivers your mail is getting pretty fed up with a stream of Business Expansion Schema prospectuses which arrive every day and refuse to go through your letter box in one go.

The heaviest of these are slightly different and take you much longer to read. They are called "schemes" rather than prospectuses or funds and they offer all sorts of ingenious ways to invest in assured tenancies under the BES.

Should the perplexed potential investor opt for a "scheme" rather than a prospectus issue? And if he does, how does he decide which to go for?

There are two such schemes on offer, although Sun Life is about to launch a fund with similar features.

Investors currently have a choice between the Second Johnson Fry Residential Property BES scheme and the Allied Dunbar Link scheme. This is the fourth in the Link series and the first with which Allied Dunbar has been involved.

The difference between a scheme and a prospectus lies in the amount of money which can be raised under one roof. There are also some additional tax benefits.

Since last year's Budget, up to £5m may be raised under BES rules to invest in residential property which is to be let out as an assured tenancy (where the tenant has security of tenure as long as he pays a market rent). So prospectus issues are limited to raising that amount. But there is nothing to stop a company putting together a scheme which sets up a series of companies each raising up to £5m.

Both versions offer an opportunity to invest in BES with income tax relief at the investor's highest marginal rate on the first year'a investment and no capital gains tax on shares held for at least five years.

But the schemes offer even more tax incentives. The first Link scheme led the way by setting up a series of "close" companies, with no more than nine shareholders in each. A management company is responsible for selecting, developing and managing properties.

The advantage of investing in a "close" company is that yon qualify for tax relief on loans to purchase more than 5 per cent of the ordinary share capital. However, there is an £100 arrangement fee. The minimum investment is £10,000.

Another tax advantage is that the companies' size qualifies them for corporation tax at smaller company rates of 25 per cent — rather than the 35 per cent on larger companies.

Like its predecessors, the current Link scheme offers an insurance plan against falls in house prices. This covers a fall in the value of the property bought, down to 70 per cent of its purchase price from the end of the fourth year to the end of the seventh, as well as insurance against arrears on rent because of non-payment in breach of the tenancy agreement.

Tha three earlier Link schemes raised a total of £16m. This was £2m less than the actual total subscribed: some had to go back to subscribers because their applicatiou for a loan was turned down, while the rest could not be processed within the necessary 14-day

Charles Fry, chairman of Johnson Fry

period. The current Link issue is the first venture into the BES market by Allied Dunbar. Salesmen will receive the usual BES commission of 2 per cent.

Allied Dunbar Link offers the investor the chance to buy BES property in any one of six preferred regions in the UK for each £10,000 invested. Optional loans are available from Lloyds Bank at 2.5 per cent above base rate but investors must put up at least £2,000 in cash for every £10,000 they wish to invest.

One drawback of this scheme is that if the region you choose is oversubscribed, or there are no suitable properties available when your Link company is formed, stockbroker Williams de Broe will select an alternative area.

Johusou Fry's earller scheme, launched in September, raised more than £20m. Its latest scheme offers three options. The first is a regional company scheme, similar to the First Johnson Fry scheme, where investors can choose between eight regions.

Investors can also decide whether to invest in income companies where the "majority" of income is paid out as dividend, or growth companies where it is ploughed back. The minimum investment is £2,000, but it is possible to invest in different regional companies providing you put at least £500 in each.

Again, there is a risk that the area you choose is already oversubscribed and that your money go into a less desirable region at the managers' discretion.

Johnson Fry's second option, a SCAT (smaller company assured tenancy) close company is similar to the Link scheme. Investors must subscribe a minimum of £10,000 but will only be allowed to invest if they qualify for a loan from the Bank of Scotland at 2 per cent over base rate.

Johnson Fry is also offering a guarantee that the price of unoccupied property will be at least equal the purchase price after five years, and that occupied property will be worth 80 per cent of cost price. The only regional choice is between the North and South.

Finally, Johnson Fry also offers the opportunity to invest in that popular old BES chestnut, sheltared housing, through an assured tenancy. The minimum investment here is £2,000. Accommodation will be managed by Retirement Care which currently manages over 3,000 retirement properties.

A word of caution: sheltered housing has until uow been sold rather than rented. The majority of people who have been interested in this kind of accommodation tended to be those with a lump sum to invest, often on retirement, and who want to buy a home, rather than rent it.

With the tax advantages offered by a close company scheme, why bother to invest in prospectus issues at all? The first reason is pragmatic: £10,000 is a lot of money to invest in one BES issue, although you are entitled to invest up to £40,000 a year to claim tax relief.

The second is that when you invest £10,000 in a close company under the Link scheme, you are buying just one property — whereas a prospectus issue spreads the risk. In other words, as John Harrison of BES Investment Research, says: "You are putting all your eggs in one basket."

But perhaps you think the tax advantages of the schemes outweigh other considerations. If so, which should you choose?

The advantage of the Johnson Fry SCAT scheme is that you are spreading your risk to a greater extent since you are not buying only a single property. With Johnson Fry, you invest in a closed company which owns a uumber of houses. The disadvantage is that it is much harder to realise your investment in a number of properties.

On balance, perhaps Link has the edge. Investors have greater choice of area.

As this is the first year that assured tenancies have qualified for tax relief under the BES, nobody can possibly predict how well these schemes are likely to do, nor how easy it will be to provide an exit route. But the word is that the chance to invest in a close company may only be available np until this year's Budget.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
Deposit account	4.50	4.60	3.68	monthly	1	-	0-7
High interest cheque	7.60	7.90	6.32	monthly	1	1,000-4,999	0
High interest cheque	8.00	8.30	8.64	monthly	1	5,000-9,999	0
High interest cheque	8.40	8.70	6.96	monthly	1	10,000-49,999	0
High interest cheque	8.80	9.20	7.36	monthly	1	50,000	0
BUILDING SOCIETY†							
Ordinary share	6.00	6.09	4.87	half-yearly	1	1-250,000	0
High interest access	8.00	8.00	6.40	yearly	1	500	0
High interest access	8.25	8.25	6.60	yearly	1	2,000	0
High interest access	8.75	8.75	7.00	yearly	1	5,000	0
High interest access	9.00	9.00	7.20	yearly	1	10,000	0
90-day	9.05	9.25	7.40	half yearly	1	500-9,999	90
90-day	9.50	9.73	7.78	half yearly	1	10,000-24,999	90
90-day	10.00	10.25	8.20	half yearly	1	25,000	90
NATIONAL SAVINGS							
Investment account	10.00	7.50	6.00	yearly	2	5-100,000	30
Income bonds	10.75	8.47	8.78	monthly	2	2,000-100,000	90
Deposit bond	10.75	8.06	6.45	yearly	2	100-100,000	90
34th issue♦	7.50	7.50	7.50	not applica	3	25-1,000	8
Yearly plan	7.50	7.50	7.50	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	8
MONEY MARKET ACCOUNT							
Schroder Wagg	9.40	9.80	7.84	monthly	1	2,500	0
Provincial Bank	9.60	10.00	8.00	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
5pc Treasury 1986-89	10.59	8.29	8.52	half yearly	4	-	0
8pc Treasury 1992	10.48	8.40	7.14	half yearly	4	-	0
10.25pc Exchequer 1995	10.10	7.54	8.01	half yearly	4	-	0
3pc Treasury 1990	10.96	8.97	8.49	half yearly	4	-	0
3pc Treasury 1992	8.79	7.95	7.45	half yearly	4	-	0
Index-linked 2pc1992§§	8.48	8.12	7.81	half yearly	2/4	-	0

*Lloyds Bank †Halifax 90-day; immediate access for balances over £5,000.♦ Special facility for extra £5,000 §Source:Phillips and Drew. §§Assumes 5.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

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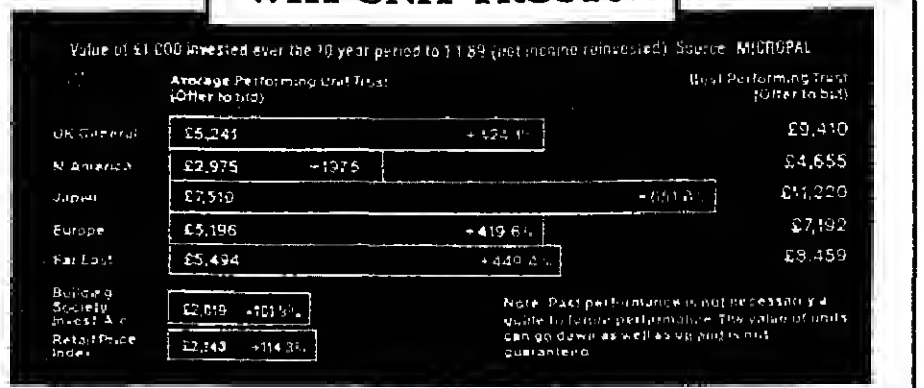

Note: Past performance is not necessarily a guide to future performance. The value of units can go down as well as up and is not guaranteed.

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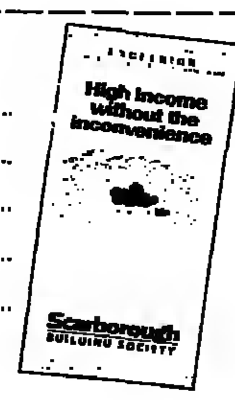

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Please send me the explanatory memorandum for MIM Britannia Jersey Gilt Fund Limited (on the terms of which alone applications will be considered).

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FT 28.1

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Current Portfolio (as at 23.1.89)

U.K. Government Securities (Gilts)	81%
Other sovereign backed securities	16%
Cash	3%
	100%

The Fund is an open-ended investment company registered and based in Jersey. Its shares are listed on The International Stock Exchange, London, and it is also registered in Hong Kong. It is certified as a "Distributing Fund" under the provisions of the U.K. Finance Act 1984 in respect of its accounting period ended on 31st October 1987.

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FINANCE & THE FAMILY

Eric Short looks carefully at Legal and General's guaranteed equity fund

Just too good to be true?

IT ALL seems too good to be true. Legal and General's Guaranteed Equity Fund must have a catch somewhere.

After all, equity returns have a potential downside as well as upside – as the October 1987 stockmarket crash proved. The principle of diversification in an equity portfolio is highly effective in minimising the risk of loss. But even diversification does not guarantee investors against the odd setback.

The presence of such a risk, however small, has clouded an otherwise blue sky enough to deter investors from moving back into equities in any large numbers. That was shown by the comparatively poor unit trust investment figures issued this week. Most of the £1.79bn of net new investment in 1988 came from institutions, not the public.

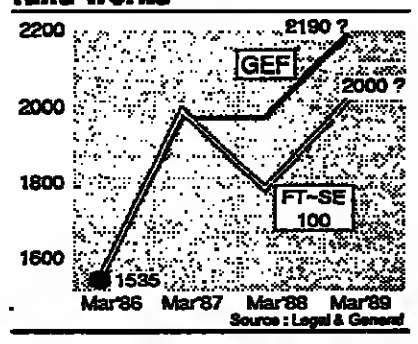
Investors want, above all, an assurance that they will not lose money. This comes even before the desire to reap the high rewards that are sometimes available from equities. Hence the record savings of £13.6bn put into building societies last year.

Yet this week the mighty Legal and General Group launched its Guaranteed Equity Fund, which is available for all its pension contracts. The fund makes the tantalising offer that you will not lose money by investing in the equity market. So how does Legal and General reconcile what has long been considered irreconcilable?

The clue lies in the construction of the fund, which is quite straightforward. The investment is based on the movement of the FTSE 100 index – an index of the share prices of the 100 largest UK companies quoted on the Stock Exchange and nicknamed the "Footsie" index.

The fund selects a pre-determined 12-month investment period (for this particular fund it is the period from March 1). If the index rises over the period, then the fund increases by 95 per cent of that rise. If the index falls over the period, then the fund remains unchanged at its value at the begining of the period.

How the guaranteed equity fund works



However, these guaranteed values only apply at the end of the 12-month period. If and when payment is during the period, then there will be an actuarial valuation of the fund's worth, with voluntary transfers being treated differently to involuntary cash-ins when the investor retires or dies before retirement.

The table shows how the Guaranteed Equity Fund (GEF) would have performed had it been operative from March 1, 1986. The value of the index at that date was 1535 and a year later on March 1, 1987, it was 1983 – a rise of 29.18 per cent.

The GEF would have increased in value by 95 per cent of this rise, that is by 27.7 per cent from 1535 to 1961. On March 1, 1988, the index had fallen to 1781. So the GEF would have remained at 1961.

Now let's look ahead. If we assume that the index on March 1, 1989 will be 2000 – a rise of 12.3 per cent – the GEF would rise by 11.7 per cent from 1961 to 2190. At that stage it would have outperformed the index by 9.5 per cent.

Viewed on these figures alone, one can well echo the phrase of one journalist that this fund justifies the phrase "heads you win – tails you cannot lose" for investors.

But it depends very much on one's perception of winning and losing. The GEF is a safety-first product rather than a star performer. It loses out to straight equity investment when the market is rising. It loses out to a deposit investment when the market is falling. There is a catch, after all.

Guarantees have to be properly understood, and they certainly have to be paid for. In this case the price, which is not readily apparent, is quite high.

The investor pays the usual front-end five per cent load charge. There is no annual management charge, but Legal & General keeps all the income from the fund to cover expenses and the investment risk. The yield on this type of fund is around 4.5 per cent. Thus the company is effectively taking this amount as an annual management charge compared with the usual 0.75 per cent charge on this type of fund.

The Footsie index, like most other stock market indices, reflects just the changes in stock market prices. It is not a total return index which includes the reinvested dividends as well as capital changes.

In addition the Footsie has, up to now, lagged behind the more broadly based FT-Actuaries All-Share index by almost 2 per cent a year on average.

Add these two disadvantages to the built-in 5 per cent shortfall and one is talking of a total effective charge of around 11-12 per cent in a bull market.

Does this charge offset the benefit of no loss in a bear market? The graph would indicate the answer "yes" and justify the above claim. But the charted performance is over a three-year period only and the effect of the October 1987 crash will always confuse the issue.

For a short-term hedge against a crash, the fund is good. But what of the long-term prospects? After all, Legal & General is promoting the GEF as a long-term holding. Would it have done better than direct equity investment, with income reinvested, or a deposit fund over longer periods?

The Footsie has only been available since 1984, so we have estimated the return from a GEF based on the All-Share index at the end of December assuming the fund offers 95 per cent of the gain on the index. And since pension schemes are primarily regular investment contracts, the estimate assumed regular payments of £1,000 a year over 15 years from December 1973.

This showed a GEF fund value on December 31, 1988 of 62,500. But had the 15 years premiums been invested M & G's pension fund, a general UK equity fund, the valne would have been £100,500.

The comparison with M & G highlights the cost of the guarantee. A one-third reduction in accumulated value – £100,000 against £62,500 can hardly be described as representing a winning streak.

It calls into question the use of the GEF as a long-term investment. A more interesting possibility occurs when the investor is very close to retirement and caution is needed in seeking to retain previous gains. A switch from an equity fund to the GEF would insulate against loss while still allowing participation in equity gains.

Pension switch plan

LIFE COMPANIES are gearing themselves up for a major marketing campaign aimed at persuading younger employees in the State Earnings-Related Pension Scheme (Serps) to switch into an Appropriate Personal Pension (APP).

The promotional advertising has already started using the the underlying message that the employee in making this switch will get something for nothing and will do even better if the switch is made before April 5. For once this is not just advertising hype by the life companies.

One of the Government's main objectives in last year's radical changes in the UK pensions framework was to get as many employees as possible ont of Serps and instead to make their own private pension arrangements.

To encourage employees to make the switch, the Government is raiding the National Insurance fund. It is offering each eligible employee a 2 per cent incentive payment each year to an employee's APP on top of the normal contribution made to the plan.

The normal contribution to an APP is the NI rebate, currently being paid by the employee and his employer into Serps. Therefore the employee in taking out an APP is not involved in paying a penny more. In addition, the employee will receive the extra 2 per cent incentive contribution as well as a tax credit (at basic rate) on the employee's contribution – a credit not available on the NI contributions.

So taking out an APP is genuinely "something for nothing" as far as the individual employee is concerned. Yet, so far, there has not yet been an overwhelming rush by employees to take one out.

Inertia and ignorance are two dominating factors where pension planning is concerned.

In the first place, many employees say they have never heard of Serps, let alone appreciate that they are in the scheme. So a message to switch from Serps to an APP goes right over their heads.

Secondly, even if employees do appreciate their position many of them simply cannot be bothered to make the effort to switch.

The life companies hope to overcome this inertia by using the successful "buy while stocks last" ploy.

Although personal pensions only came into being in July 1988, the Government in its eagerness to get people out of Serps as fast as possible backdated the incentive payment to apply to the financial year 1987-88 as well as for the five years to 1992-93.

However, the payment for 1987-88 only applies to contracts effected by the end of the current tax year on April 5, 1989.

The Department of Social Security is leaning over backwards to accommodate the life companies. It is prepared to accept contracts effected by the April 5 deadline as late as May 17. However, this does not mean that you can submit applications late and get away with it. There is another government authority involved with personal pensions – the Inland Revenue.

The Revenue will want to be satisfied that the contract was made by April 5. This means that the life company must have by that date all the necessary documentation – a completed proposal form, evidence of age and earnings and the necessary declaration on employment status. And the life company must have acknowledged and accepted the contract.

Fortunately with an APP there is no need for the employee to make any arrangements for paying contributions. These payments are made by the DSS.

Firstly, intermediaries in their enthusiasm to market APPs must not overlook the best advice and know-your-customer requirements of the financial services regulations.

They must ensure first of all that the switch from Serps to APPs really is best advice.

Fortunately, the Government Actuary has provided tables which show that the switch is advantageous for men nnder 45 and women under 40.

Secondly, the intermediary must ensure that the employee understands the situation and check out that the employee is not currently a member of a company pension scheme that has already contracted out of Serps. Many employees are very hazy over membership, particularly if the company scheme is non-contributory.

Finally, in the "factfind" sheets, the intermediary should have a signed statement from his client that at this stage the employee is only interested in a rebate-only APP that contracts him or her out of Serps.

Eric Short

Diary of a Private Investor

Excellent advice for no cost at all

I'VE RECENTLY found one of the best analysts of do-it-yourself and painting/decorating companies on the London stock market. Which merchant bank or stockbroking firm pays him a fortune for his excellent views? None of them.

How much do his opinions cost? The price of a tin of paint or a roll of wallpaper. Peter is is the manager of a paint, wallpaper and decorating supply in Poole, Dorset, where I live.

He does not "tip" shares. But, if asked for his views on various companies, he will usually give an excellent analysis of their trading situation and prospects. He might also reveal the names of one or two of the companies in which he has made investments.

Last year he mentioned to me that he had bought shares in a company called Johnstone's Paints. I had never heard of it. "It's one of the last few independent paint companies – nearly all the rest have been taken over by the major companies," he said. "We sell some of their paint so I went to visit their factory. It was tremendous and appeared to be worth far more than the value of the company's shares. It's sure to be taken over sooner or later."

I checked it out. The company seemed to be doing quite well so, in September, I bought some Johnstone's Paints shares for 103p each. Earlier this month, it was announced that Elf Aquitaine had made an agreed takeover bid of 230p per share.

I bought Peter a bottle of champagne and asked for his secret. "The real test," he said, "is to imagine that you have as much money as you want and could afford to buy anything. If you had that, would you buy the whole company? If so, then the shares are probably worth buying."

He looks for companies with under-valued assets (especially property) as well as companies which have excellent products but which perhaps need some new management to fully exploit the potential of those products.

It is the general lack of appreciation of the assets and product-potential of certain companies that makes their shares cheap. He buys such shares in the hope that, eventually, the product/asset potential will be realised.

Peter has also done very well from his shareholdings in Manders Holdings – a company with paint, printing ink, wallpaper and property interests – and from building supplies and DIY stores, Sharpe and Fisher.

After all, Peter is in an excellent position to judge customer demand and enthusiasm for painting/decorating products. He can use his position to assess the quality of various companies supplying products to this market: are they efficient? Do they deliver on time? Do they produce good products?

He can make factory visits, chat with the salespeople about the state of the company and he is very good at analysing the figures in company reports and assessing likely property values.

There are many thousands of people in similar positions to Peter. But do they realise, and use, the information that is all around them? This is not "insider information" but simply "information" that is freely available to them.

Does the average manager of a supermarket or electrical showroom realise that he is in an ideal position to assess customer demands for products, and therefore the future prospects of his suppliers?

Does the average office manager make use of his knowledge about the efficiency (or otherwise) of various stationery suppliers and office equipment manufacturers?

Does the average librarian assess the relative popularity of various publishers?

If your friends, relatives, children are all rushing to buy a particular new product, do you buy one of those products for yourself or shares in the company making it?

I shall certainly try to be more aware of all the information that is around me and use it in helping to decide my future share decisions.

Kevin Goldstein-Jackson

A different tack

THE NORMAL reaction when something isn't selling well is to cut the price. But so far the unit trust industry has adopted exactly the opposite tactic. In the face of declining, or stagnant, sales following the stockmarket crash in October 1987, many unit trust groups have been busily putting up both their preliminary (front-end charges) and their annual management fees.

However Lazards has decided to take a different tack. It has scrapped all the preliminary charges on its seven UK authorised unit trusts and kept the annual management fee at a modest 1 per cent. Instead it has put up ths minimum investment required from £1,000 to £5,000.

Philip Stevens, director of Lazards unit trusts managers, says the decision to scrap the preliminary charges was taken because the funds are not sold on a "retail" basis via intermediaries, who require commission, and there were therefore no marketing costs to be covered.

He said the group's seven UK unit trusts, which had about £100m under management, had been created primarily to provide convenient vehicles for their private and institutional clients by making available a spread of investment choices in specific market areas. Lazards did not believe that it was appropriate to charge their customers on a front-end basis for discretionary fund management.

Stevens said that after a strategic review of the unit trust industry, the company had decided there was not a lot going for the retail sale of unit trusts with investors resentful at having to pay too much to cover ridiculous distribution costs. By scrapping the front load charges investors would save £259 to £300 on every £5,000 invested.

Lazards is something of a special case, with the bulk of the money in its trusts coming from internal client sources rather than being sold on the open market to the general public.

John Edwards

IN THE NEWS

CAPITAL BONDS have attracted about £45m investment since their introduction on January 4, according to Mr Peter Lilley, the Economic Secretary to the Treasury. The National Savings Capital bond offers a guaranteed annual return of 12 per cent gross over five years. Interest increases over the period from 5.5 per cent for the first year.

■ ■ ■

The NatWest piggy account is being replaced by the World Saver's account. Holders of the piggy account (children aged seven and over) will now receive a panda money box instead of a piggy-bank. Other goodies include a Royal Mint medal, badge and paying-in book. Another perk which comes with the new account is a membership card giving discounts on entry to selected wildlife parks, museums and so on. In an ecologically minded gesture which may perhaps appeal more to parents than children, NatWest has guaranteed the World Wide Fund for Nature minimum sponsorship of £3m over three years. The rate of interest on the account is 7 per cent net and the minimum investment needed to open an account is £5.

■ ■ ■

Mortgage rates may be high, but there is an ever-growing variety of ways to borrow. Croxley Financial Services is offering a loan in most European and other leading currencies, in addition to European Currency Units. Mortgage rates in most continental European countries are well below those in the UK, so it is possible, for instance, to save 7.25 per cent a year in interest costs by borrowing in D-Marks.

A foreign currency loan exposes you to the chances of either making a profit or loss on the sterling value of the money borrowed. For instance, it you borrow in D-Marks at DM 3.27 to £1 and the pound improves to DM 3.5 to the pound, you would be able to repay a £100,000 mortgage with only £93,429, although you would also have been paying interest charges. But if sterling were to fall against the D-Mark to DM 3.15, it would cost £103, 810 to repay.

■ ■ ■

Midland Bank is offering fixed rate endowment and pension-linked mortgages with the rate fixed until March 30 1991 at 12.5 per cent on a minimum mortgage of £30,000. Customer's existing mortgages will be acceptable for endowment mortgages, but any new policies must be arranged through Midland Life.

■ ■ ■

Borrowers who expect their salaries to increase substantially or to reduce capital commitments over the next five years might be interested in Cheltenham & Gloucester's new loan plan, the C & G Bonus Mortgage. The plan offers a basic loan, in addition to a mortgage, on which repayments are suspended for five years. At the end of this period, though, monthly payments are adjusted to include repayment of the bonus. The basic loan must be at least £35,000.

Heather Farmbrough

FINANCE & THE FAMILY

EXPATRIATES

Splitting the assets painlessly

THE NATURE of Britain's taxation system has always put a financial premium on the making of gifts to those whose income and/or capital is less than the giver's. Normally the lower tax liability of the recipient ensures that the benefit enjoyed is greater than the reduction in the resources of the giver.

The concept of tax advantageous giving became familiar to many in recent years with the rise in popularity of the deed of covenant – an arrangement which, unfortunately, is no longer effective except for deeds made before March 1988, or in favour of a charity.

However, the good news is that the new separate assessment rules effective from April 6 1990, permit *the achievement* of substantial Income Tax and Capital Gains Tax benefits by the simple expedient of making gifts to your own spouse.

Husband and wife – whether resident in the UK or not – will each be entitled to a tax free allowance of £2,605, the husband receiving in addition a £1,490 "married couple's" allowance.

Consequently, if circumstances permit, a judicious split between you of assets generating taxable UK source income, will enable up to £6,700 per annum to be received free of tax.

But in the case of those spouses – usually wives – who regularly become resident in the UK, this advantage must be weighed against their potential liability to Capital Gains Tax. In any event, it will usually be better – as now – for overseas assets to be owned by the continuously non-resident partner.

In most cases, the full potential of the new rules will only be realised after residence in the UK has been resumed. Then, a careful reallocation of assets will not only be able to make use of income tax allowances, but the duplicated £19,300 per annum 25 per cent bands of liability and the separate £5,000 per annum Capital Gains Tax exemptions. These are facts which your long range planning should certainly take into account.

But as usual, a word of warning is necessary. Norman Lamont, the Financial Secretary to the Treasury has indicated that the tax advantage will be denied where the arrangements made fall short of an outright transfer of income and capital from one partner to the other.

The worst tax for most British expatriates, which therefore most requires avoidance, is Inheritance Tax. Since liability to Inheritance Tax depends on domicile rather than residence, nothing short of emigration will enable you to escape and

only then in respect of assets held outside the UK.

As is frequently pointed out, the £110,000 exemption to *which every individual* is entitled before application of the single 40 per cent rate, may very well be absorbed by your residence alone. Of course, gifts from one spouee to another in lifetime or on death are exempt from the tax without limit – except in the case of gifts passing from a spouse who is domiciled in the Uoited Kingdom to one who is not. In that case for "withont limit" read "up to £55,000."

However, inter-spouse gifts are unlikely of themselves to save Inheritance Tax, although they may help secondary gifts that will. Thus, if one spouse owns all of the family's assets, the death of the other must inevitably mean that his or her £110,000 exemption will be wasted. An earlier inter-spouse gift could beve facilitated a bequest, say, to the next geoeration, with a tax saving of *£44,000 (ie £110,000 at 40* per cent) when the longest lived partner dies. Furthermore the financial difficulties which can arise after a death and before probate is granted, make it highly undesirable for either of the partners to be totally devoid of assets.

The £110,000 exemption also stands to be lost if the first partner to die leaves everything to the other (if UK domiciled). But the beneficiary then has two years in which to recover the eituation, since gifts to third parties in the form of a variation of entitlement in the estate will be treated as a gift by the deceased and, thus, qualify for the exemption retrospectively.

Lifetime transfers can be even more advantageous. Outright gifts between individuals qualify as "potentially exempt transfers," with the result that no tax will be payable provided you survive the making of the gift hy seven years - thus leaving your £110,000 exemption availeble to set off against your other assets.

Thus, results can be achieved without necessarily putting funds directly into the hands of your beneficiaries. You could, for example, provide for your children by means of an accumulation and mainteoance trust noder which income and/or capital is expended or accumulated as *necessary while* they are young and the capital passing to them at the age of 25.

Quite apart from the potential savings of Inheritance Tax, the likelihood is that they will pay less tax on the income and capital gains generated by the capital, when they ultimately receive it, than yon would have done.

However, it is important to remember that the Inheritance Tax saving will be lost should you cootinue to enjoy any benefit, directly or indirectly, from the asset gifted.

Donald Elkin

Donald Elkin is a Director of Wilfred T. Fry of Worthing, West Sussex.

Privacy sought for will

For over 12 years I have dealt with the investment and tax affairs of an elderly lady and her late husband. Since his death in 1986 she and I have met once per month for "book-keeping" and related purposes. Although aged 81 she is extremely alert, very practical and quite fit and keen that her finances are kept in order. Because she has no children, brothers, sisters, nephews or nieces she has decided that her estate should be divided between several persons on whom she relies most and about whom she cares.

This includes me and I am to benefit to the order of about one sixth of the estate on her death. The largest beneficiary is a young married woman who has acted as her cleaner, belper, and good friend for about 2½ years. My client confides in me her feelings towards this young woman whom I have met once and who is poor, intelligent and very kind. There is a mutual fondness and my client is inclined to treat her almost as a daughter.

She is leaving her, in total, one quarter of her estate. My client asked me to prepare a will with her "daughter", me and five other people as beneficiaries, (the others being her gardener, ber chiropodist, some neighbours, some friends and a sister-in-law). I have done this, naming on her reqnest, myself and ber "daughter" as executors. The will has been properly witnessed by two bank officials and is now lodged at Somerset House.

My question is: do you think I am compromised having prepared the wording to her instructions and having had it typed? By whom and bow would questions be raised, if at all? Although I am not a solicitor I cannot see that the will is likely to be challenged because of its asset distribution since there are na blood relatives. However, I have read that it may be unwise to be a party to the preparation of a will when one is also a beneficiary.

I should say that a major reason wby it has been arranged on her instructions by me is because I am the only person in whom she confides her financial matters and I am the only person with full knowledge of her assets. She does not want this position to alter. She lives in a small rural town and is concerned that her "daughter" remains unaware of her future inheritance. She feels that there is a risk that in any solicitor's practice several people would bave to be involved in the preparation of a will (i.e. typists, filing-clerks, secretary, solicitor etc) and that such an involvement might jeopardise the secrecy she requires. In simple terms she doesn't want her beneficiaries to know of her beqnests. Do you think this reason for privacy supports my position and if so would it be sensible to have her say as much in a handwritten letter?

■ There could be a problem if there were anyone entitled on intestacy who wished to challenge tbe will as being obtained by undue influence, but as there are no immediate relatives we think that a letter from the testatrix such as yon suggest would be a sufficient precaution, preferably signed not in your presence but in the presence of some independent person who can say that the letter was signed of the testatrix' own free will and not in your presence.

Dealing in gilts

Over the past year I have dealt in gilts and convertible loan stocks and I am not clear as to how the income element in the sales and purchases is treated for both income and capital gains taxes. Am I right in assuming the following:

Gilts: a) Not subject to CGT? b) Gross income shown on contract notes should be deducted (purchases) or added (sales) to Income Tax return?

If this results in a net deduction which cannot be offset against untaxed income, is a tax refund due?

Convertible Loan Stocks: a) Subject to CGT; cost being calculated by dednctiag gross income from total purchase price; sales proceeds by a similar deduction? b) Income as in gilts?

■ Ask your tax office for the free explanatory pamphlet on the accrued-income scbeme, IR68. This will confirm that your understanding is more-or-less correct.

Minimising the CGT

My husband and I owned a house jointly. In April 1988 my husband went to work in Saudi Arabia and will be out of the UK for tax purposes, until either end April 1989 or perhaps end April 1990. I earn £16,000 and pay normal tax.

In October this year we sold our house. I am buying a house in my sole name and my husband is also buying a house in his sole name, which should be completed before Christmas. "My" house, costing £92,000, will be our main residence. We intend to sell my husband's house as soon as possible. The purchase price, agreed in March, was £54,950, but it should sell for £70,000. How can we minimise the Capital Gains Tax on the anticipated £15,000 gain? Does it make any difference if it is sold in this financial year or next? Could you also advise the rate of Capital Gains Tax payable and the amount that is exempt?

■ You have not given us enough precise facts and dates for a reasonably clear-cut reply – except to say that the gain on your husband's house is likely to be assessed to income tax, rather than to Capital Gains Tax.

It is a pity that it did not occur to you to seek the solicitors' guidance at an earlier stage, but it is still not too late, probably.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Retirement relief query

Some 30 years ago I set up a business for a reletive, in which we both took 50 per cent of the shares, and on the advice of my accountants my share of the profits was paid as an "administration charge" into a company that I solely owned. This arrangement was approved by the Inspector of Taxes. I am now 63 and relinquished being a director some 15 years ago, although still taking an interest in the business and am at present considering my position in the likelihood of a winding up of the business, or the sale of my shares. Having no other companies to dispose of, would I be entitled to Business Retirement Relief of £125,000 on any capital gains that may have accrued on these shares?

■ On the bare facts outlined, the answer is no. You can check this unwelcome news by asking your tax office for the free pamphlet on retirement relief, CGT6.

Delay over tax return

Due to difficulties beyond my control and which there is no need to explain in detail, the consultant who normally handles the work has been unable to complete my tax return this year. It is likely to be delayed for a few weeks yet. I have written to my tax inspector to apologise and to explain the situation. There will be some tax payable on December 1 and naturally I do not want to be charged interest through no fault of my own. It has been suggested to me that this can be avoided by buying tax deposit bonds but my recollection is that no interest is payable on these after tbe due date for the tax which they cover. So that if I remove the money from an interest bearing building society account to buy tha bonds, I am merely robbing Peter to pay Paul.

Do you suggest any other action I can take to meet the difficulty?

■ A purchase of certificates of tax deposit will stop interest running on the late-paid tax. This is worthwhile if the net yield from leaving the money in the building society would be less than the gross interest payable to the Inland Revenue (which is pretty certainly true).

Selling our UK house

I have lived and worked abroad continnously for the last seven years and, I believe, I am not resident and not ordinarily resident in the UK for tax purposes. My wife is resident, since she has spent about six months each year in the UK. We have owned our house in the UK since 1976 as tenants in common (ie we do not own half each). We wish to move to a smaller house. If we move before I return to the UK, what, if any, will be the Capital Gains Tax liability. Can it be avoided by transferring the title to my wife as sole owner?

■ Since you and your wife own the house as tenants in common, yon each have a half interest unless you have agreed otherwise: we are therefore puzzled by your remark that yon "do not own half each." Assuming that your interests in the tenancy-in-common are in fact equal, there should be no CGT bill – on the limited data provided. Your wife's half share should escape CGT under Section 102 of the Capital Gains Tax Act 1979, and your own should escape under Section 2 (1) of that Act.

The Inland Revenue is looking critically at nominal transfers of assets between spouses to see whether the transferor is genuinely giving up all control over and benefit from the assets transferred. There is likely to be anti-avoidance legislation aimed specificaly at transfers between spouses which fall sbort of being absolnte and outright gifts.

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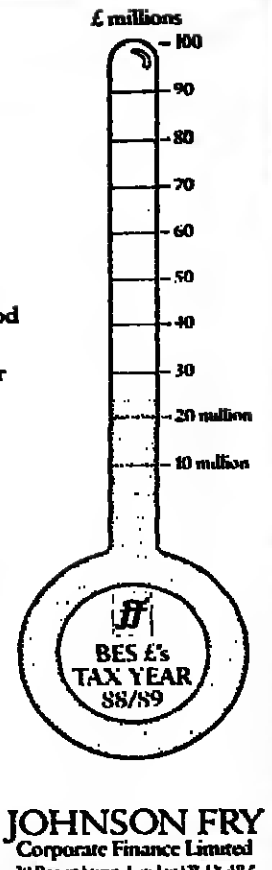

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MINDING YOUR OWN BUSINESS

Paul Tapscott explains how to get started

Careful planning is essential

"HEY, IF YOU DON'T LIKE THAT BUSINESS PLAN – TRY THIS ONE."

FAR TOO many new businesses close within two years. They do not plan to fail, but too often they have failed to plan. A well-written business plan is the best insurance against a flop. You won't get far without one.

Starting any business, however modest, requires planning. Think of the essential ingredients. First, yourself. What are your skills? How is your health? Do you like people or are you shy? Will your family support you? Will you be prepared to make a total commitment?

Next, consider your market. No business can exist without customers. You must be able to identify your market and determine how you will persuade enough customers to part with their cash in exchange for goods or services.

Third on the list (yes, only third in importance) comes finance. Every business needs some some cash to operate. But it is essential to plan the use of every pound of available capital.

For some businesses – a shop, for example – you will probably have to take the premises a few weeks before you start to trade, to fit it out and to stock it. You will be incurring rent, rates and other expenses and will need to spend money on fixed assets such as furnishings, machinery, and a car or van. All this will have to be spent before you have income from a single customer.

Then you have to run your business. That can also swallow a lot of capital. Much depends on the time it takes to complete your manufacture or your services, and how you choose to trade with your customers. If you give credit, your cash is tied up and prevented from financing more trade until your customer pays.

Finally, there is administration. Very few entrepreneurs are enthusiastic abont this area of business. Conversely, good administrators rarely start a business. Yet administration is vital to the small business. Without up-to-date records which are reasonably accurate, sensible decisions are impossible and the progress of the business will suffer.

An acceptable business plan should convince you that your idea is viable and should be sufficiently lucid to persuade the local authority to make a grant and the banker to make a loan.

For the normal small business start–up, the business plan need only be of modest proportions. It can be done on four or five sheets of A4 and A3 paper.

Sheet one will cover the background information; what the business is about; the form in which it will trade (sole trader, partnership, limited company, or co-operative); where and under what name it will operate; who will run it and details of their past experience and skills.

Then I recommend inserting a paragraph on why your particular business idea is exciting. At this stage, endeavour to leave the reader with the impression that he is looking at a plan for a business with an exciting future.

Sheet two will cover the sales and marketing plans. It will explain where the market is, what research has been carried out, what publicity is planned, how the pricing policy is envisaged and details about stock holding and distribution. Sheet three will cover general remarks on your financial plan: how the business is to be capitalised and where the money is to come from. At this point you should state your borrowing requirements – and whether they are for short or medium term finance. Also, give details of the profit margin you are budgeting for and the planned return on capital employed, together with profits forecasts.

List the assumptions made in preparing the overall business plan. These assumptions will cover the growth of sales, the level of spending and similar relevant points. Six months later, when the business has not performed exactly according to plan (which is inevitable), this list may indicate what went wrong.

Sheet four – a wide A3 sheet – will be the projected trading and profit and loss account for each of the first twelve months in the life of the business. That will be followed by the cash flow statement which will forecast how cash will move through the business month by month over a period of 12 months. It will also show that the business is viable within the confines of the capital requirements you have set out on sheet three.

If time is short for administration work it is better to do the monthly cash flow forecast than the profit and loss account. Your business goes bust if you run out of cash. That can happen even if the profit and loss account shows a profit.

It is almost impossible to over-estimate the importance of cash flow to a small business. There is nothing complicated about writing a business plan. Honing it into its final form for presentation usually presents problems. But it is better to solve basic problems associated with the business now rather than when trading has started.

My advice is to get help with your business plan from one of the many sources now available. Some Jobcentres have an enterprise advice officer, and there are more than 200 Enterprise Centres in Britain staffed with people who can give time and positive advice to help business planner. There is also the Department of Employment's Small Firms Service.

An integrated business plan, combining sales, finance and general business know-how is essential when you start a business and will be a good friend to you when you are trading. To start even the most basic business without a written business plan risks turning a gamble into a business disaster.

Help for truants

AFTER 25 years on the London Stock Exchange, Paul Tapscott retired from a senior partnership in brokers Montagu Loebl Stanley and Company six years ago. Now, at the age of 69, he finds himself somewhere between business manager and father confessor to several hundred people who have established small businesses in south London with his help.

Tapscott invested £10,000 of his savings in a small company to offer training in business. His skills were what the Government was looking for as it developed initiatives to encourage the small business movement. So he started the Haycraft Small Business Centre.

He first had to overcome opposition from some inner London school teachers who refused to recommend school-leavers to have anything to do with the "Thatcher" private sector enterprise culture. To make contact with teenagers he took a stall in Lambeth market. There he met a number of potential young entrepreneurs who had concluded their education by playing truant and were living by their wits.

The Haycraft centre, housed in modest offices behind the Albert Embankment fire station on the south bank of the Thames, will help well over 250 small firms with their start-up problems and early management problems in the current financial year. Under Tapscott's direction it has become a catalyst for small business development in south London.

Insurance solution

"I'M AFRAID WINE G... GOING OUT OF FAS... WOULD CONSTITU... ACT OF GOD, ... PERKINS."

INSURANCE is a perpetual headache for small businesses. A package assembled by Legal and General might make life easier for them.

The company says that its Combined Business Policy has been tailored to the needs of small businesses in rather better-cut Savile Row style than anything else on the market.

It has put the usual range of covers, plus some less-than-usual options, into one policy. For instance, you can have a computer protection option to insure the business against interruptions to trading if the office computer system "blows". The legal expenses option is "like having a Rumpole in your filing cabinet," should legal disputes occur.

The policy can also plug a small business into a 24-hour telephone helpline to professional legal advice – a service which is actually run by Hambro Legal Protection.

And the cost? Insurance companies are notoriously difficult to pin down when it comes to quoting actual premiums. But I persuaded Legal and General to provide the following hypothetical examples.

■ A maker of photographic frames in the Manchester area with four employees, and a turnover of £600,000 a year, would pay £3,300 a year for the Combined Business Policy, and a further £200 a year (or 5 per cent of the premium) for the legal expenses option.

■ A printer in the north of England with 11 employees, and a turnover of £750,000 a year, would pay £6,000 a year for the policy, and £200 (or 4 per cent of the premium) for adding the computer protection option.

David Fishlock looks at a scheme designed to ensure that employees are in good health

Doctor muscles in on business

"HOW FIT ARE you feeling this morning?" *asks David Fishlock.* If the tongue is furred and you only feel 11 pennies to the shilling then you sound the perfect candidate for a new health care service recently begun by a London doctor with an entrepreneurial flair.

It takes its cue from the fashion for executive health screening for bosses. But it is aimed instead at their employees.

"At much lower cost and more practical," claims Dr Andrew MacDonald, aged 39, the founder of Lifelink. He is providing the service at offices or factories.

His main target is the prevention of heart disease and cancers. Urban lifestyles leave many of the people Lifelink tests vulnerable to such diseases.

From its Mayfair base, the firm's staff of eight is persuading companies to pay for their employees to put themselves in the hands of the Lifelink nurses for a series of simple tests of fitness.

For £110 the client is put through 15 tests taking 45 minutes. A dynamometer measures the strength of your grip, and a stretch test finds out the state of your joints and ligaments. Six minutes is spent on an exercise bicycle to gauge the state of your heart. A pinprick provides enough blood to check for cholesterol and liver damage from overdrinking.

All measurements feed automatically into a computer which comes up with a fitness rating, one of five: excellent, above average, average, below average, poor. "We get quite a few poors," says Dr MacDonald. Of his first 200 clients, 40 per cent were rated below average or poor.

Each client takes away a personalised dossier on preventable illness containing his own results and – if need be – advice on improving fitness.

The most startling result so far has come from a man who wanted to check Lifelink personally on behalf of his company. He told the nurses he had given up smoking. But he registered a carbon monoxide level in his lungs equating with smoking about 60 cigarettes a day.

Dr MacDonald had a sudden brainwave and made a spot check with a carbon monoxide meter on the old sports car in which the client arrived.

He found that exhaust gases were leaking into the car. "It could have killed him," he comments.

Dr MacDonald has spent a year setting up Lifelink - designing the fitness test protocol and checking its validity with other doctors. So far he has invested £250,000 from the sale of his interest in a chain of nursing homes, along with another £20,000 from family and friends.

He is now trying to raise further backing of £100,000 - £150,000 "To take full advantage of the progress we've made".

Edited by Roy Hodson

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KENT - Goudhurst - Tunbridge Wells 8 miles.
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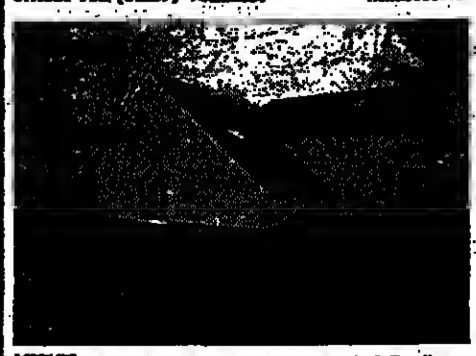

KENT-Chilham - Canterbury 5 miles. M2 5 miles.
Wonderfully comfortable country house with superb views over open countryside. 3 reception rooms, kitchen/breakfast room, 5 bedrooms, 3 bathrooms, attic studio/further bedroom. Gas central heating. double garage, garden, hard tennis court.
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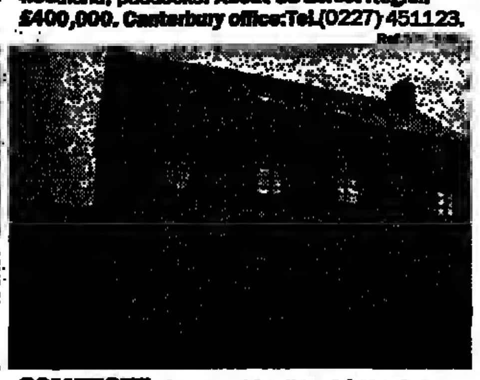
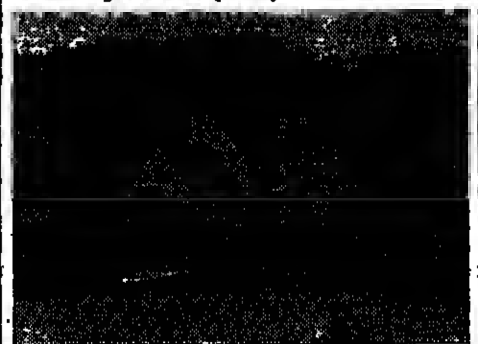


SOMERSET- Taunton 16 miles. A imposing former water mill, recently converted, ideally situated between the Quantock Hills & the coast. Working mill with wheel, pond, chute & leat. 3 reception rooms, 4 bedrooms, 3 bathrooms, CH/ double glazing, gardens, garage. Region £250,000. Taunton office: Tel.(0823) 277261. Ref.15BB244.



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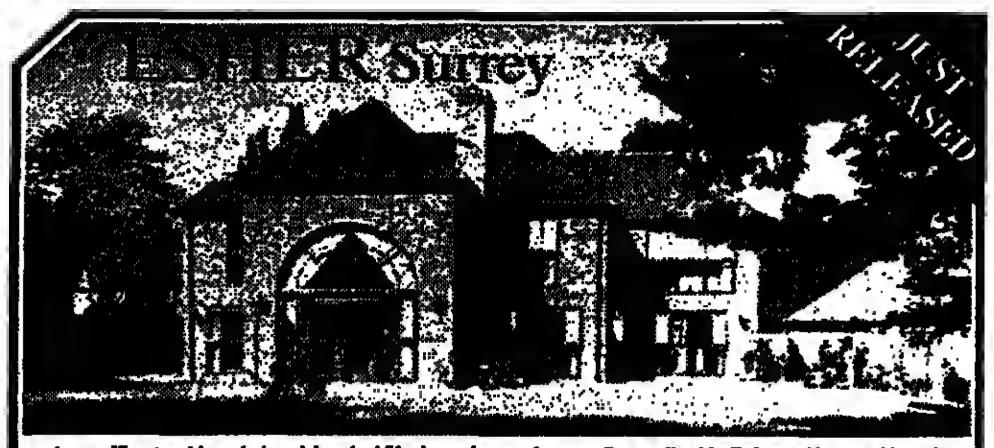

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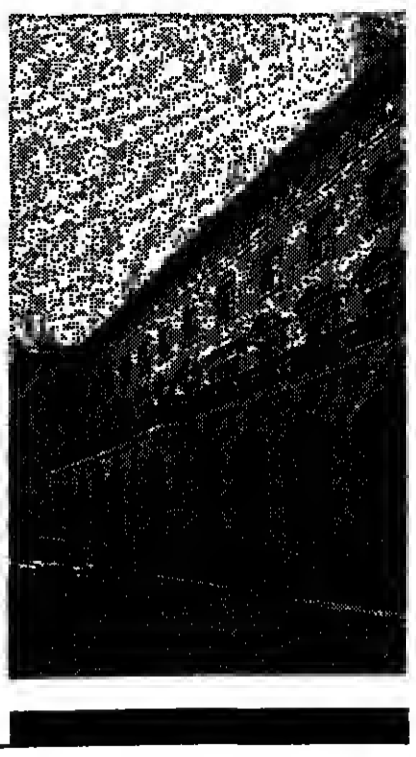

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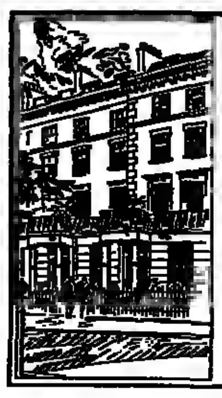

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PROPERTY

London's undimmed appeal

***John Brennan** keeps an eye on the New Year bargain hunters*

LONDON'S APPEAL to international buyers appears undimmed by our little local difficulty over domestic interest rates. "It's an ill wind," says Kevin Ryan, of Harrods Estate Offices."When overseas buyers hear that the market is a bit sticky around the edges, they go for the blue chip areas."

British buyers remain the most important group of customers, however rarefied the price of properties. But London has always attracted its share of international homeowners. For non-sterling buyers this winter's slowdown in home-grown activity in the west central residential market is less a deterrent than an opportunity to do a little post-Christmas bargain hunting.

As for the nationality of those buyers, there has been nothing to match the wave of Arab purchasing that rolled into the UK after the first big uplift in oil prices in the early 1970s. But, as Ryan says, "There do seem to be little flurries each year with periods when different nationalities are particularly active.

"At the beginning of last year, for instance, there was a time when everything we looked at seemed to have a Greek buyer involved. Changes in the tax laws there had allowed a lot of professional people, not the shipowners, but wealthy individuals, to get money out of the country for the first time. They were very active.

"High taxes at home are bringing a far larger number of Swedish buyers into London at the moment. There have been a fair number of Swedish developers and investors in recent years, now there are a number of individual buyers looking." Malaysian buyers, both corporate and individual, have been active in London in recent months as well. Harrods Estates (01-495 3660) recently sold an Arab sheik's privately owned freehold flat block at 15 Basil Street, SW1, just behind its parent company's Knightsbridge store, to a Malaysian company for £3m.

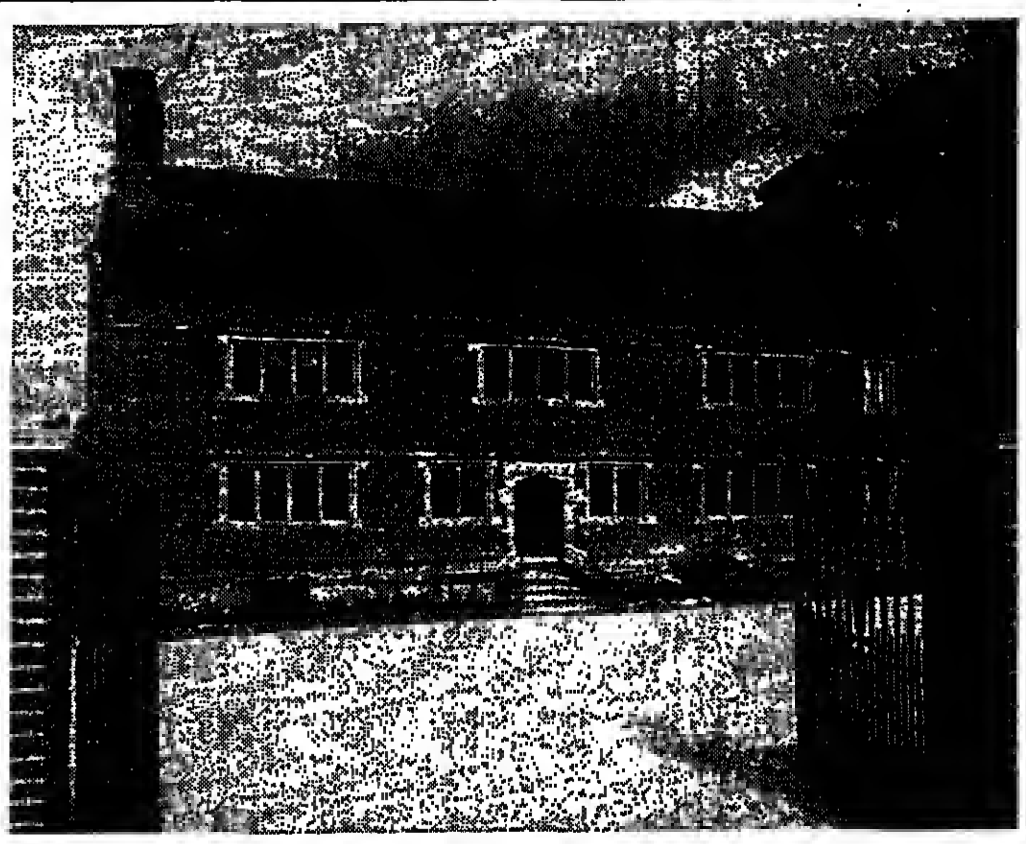
The eight apartments, ranging from a three-bedroom penthouse to a couple of studios, have been used as short-term rentals since the block was completed in 1973. Rents there have ranged from £352 a week in winter for the smallest studio to £1,500 a week for the penthouse in summer, and the Malaysian corporate buyer plans to keep the building as a rental investment, with plans to boost occupancy rates that, until now, have depended largely upon personal referrals.

Over at Hampton, John Vaughan, director of the agency's town department, added up the nationalities dealt with at his offices last year and records a significant increase in the number of continental Europeans buying in central London. "It is only logical," he says, "that, with 1992 around the corner the Europeans are becoming major players in the central London residential market."

On his figures, Hampton's score of UK buyers accounted for 52 per cent of sales in 1988, Europeans 14.5 per cent (up from 6.25 per cent) Middle Eastern buyers took 12.5 per cent, people from the Far East 4.5 per cent, Americans 2 per cent.

Covering more or less the same areas of central London, Savills draws in a not too dissimilar mix of nationalities, although seven in ten of their purchasers were British. Savills analysed its property sales by age and price as well as nationality or purchaser, and, on that basis, Savills' average central London buyer is aged between 30 and 40 and pays a far from average £370,000 for a home. As for price averages for each nationality, the agency's UK clients paid an average of £329,000 last year compared with European clients' £632,000, £642,000 for buyers from Hong Kong and £535,000 for Middle Eastern buyers.

That same analysis underlines the importance of investment buyers in the more expensive areas of the capital. Although 48 per cent of Savills' customers were in the market for their principal home, 23 per cent were buying a second home, and one in four were buying as a long-term investment. As Savills' Victoria Mitchell says, "speculative investors have virtually disappeared from the market place."



A Sussex home

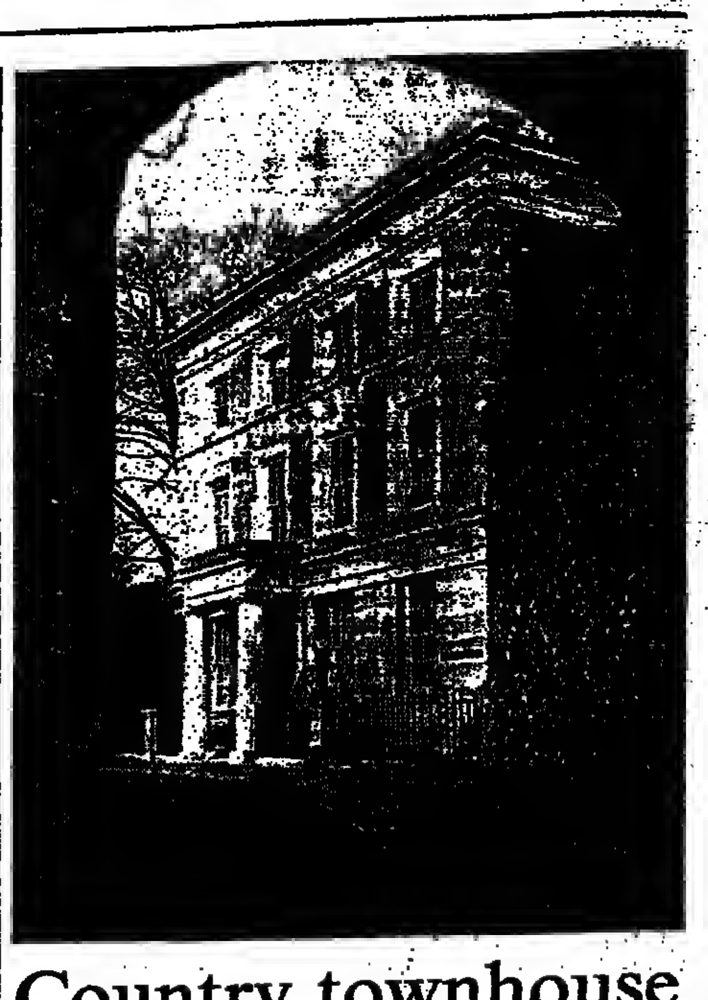
WHEN PARLIAMENT decided to recreate the job of King for the exile Charles Stuart, a fair number of English householders took the precaution of marking the restoration by adding a visible bit of masonry engraved 1660, or later.

Hurst House Farmhouse in Sussex has the date over the entrance door. But even under Oliver Cromwell's Protectorate it must have been a fine house.

While the good Oliver could do without a crown, sales agents so dearly love a Royal label that Hurst House is now described as "believed to be Jacobean" in style.

Whatever its provenance, the Grade II five bedroom listed house, completely and carefully modernised, in an acre of gardens in Hurstwood Lane, Haywards Heath, is now on offer through Cluttons' local office (tel :0444-441166) for around £480,000 freehold.

J.B.



Country townhouse

A COUNTRY home in the centre of town, and a castle without the costs of upkeep. That's the appeal of Castlegate House, Lewes, although it might better be described as Castlegate "houses" now that the 1830s building and its annexe are to be turned into four separate homes.

There have been houses, shops and the Duke of Newcastle's coffee house on the Castlegate site at various times since the beginning of the 18th century. Up from Lewes High Street, through the Norman gateway and just inside the flint walls of the 12th century Lewes Castle, the present building has, until recently, been used by the local health authority as a clinic.

It was acquired by local developers Honeywood Homes who won planning permission to subdivide the main property into two large five-bedroom homes and a two-bedroom garden flat. Honeywood also gained planning consent to convert Castlegate's detached annexe cottage from a dental clinic back into a two-bedroom house.

Humberts' Lewes office (tel: 0273-478828) is now offering the flat and houses for sale, together or individually. Taken in part, only the smallest, two-bedroom garden flat has been fully refurbished, and that's on offer at a guide price of £85,000.

The three remaining homes are unmodernised and in need of internal renovation. But guide prices of £200,000 apiece reflect the scale of the units and the retained features of what, before its service as a clinic, was a grand Georgian mansion.

Having a full scale castle as a neighbour ensures another millenium's protection for views across the county town, and over private gardens and the town's bowling green to the South Downs beyond. Lewes Station is a brisk ten-minute walk from Castlegate, with a 65-minute fastest service into London Bridge and Victoria. Glyndebourne is just three miles away, Brighton eight, and Eastbourne 13 miles up the coast.

J.B.

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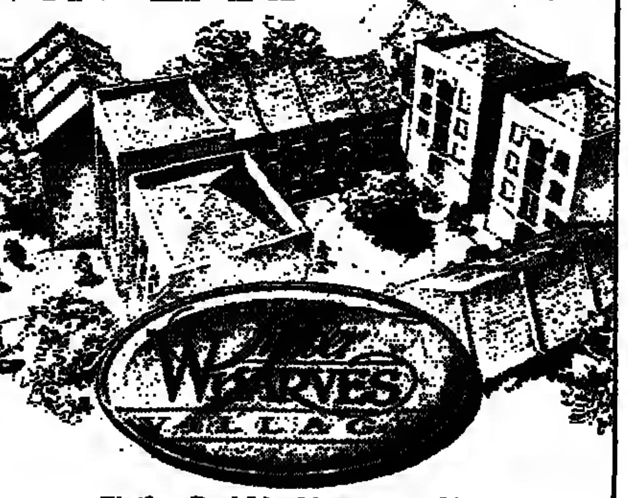

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OUTDOORS

Country Notes

Hare today, gone tomorrow

I WAS sitting in an armchair with my feet up one afternoon when there was a terrific thump against the window pane, as happens occasionally when some unfortunate bird tries to attack its own reflection. I had had a brief impression of something large and brown at the window, and I jumped up to see what it was.

"It can't be," said my disbelieving husband when I called him to come and look. "It's probably Anita's son's rabbit got out again." But Anita's son hadn't got a rabbit any more and, anyway, "it" was a hare.

I should explain that we live in the middle of a village, on the main street, right opposite the church and the school. Children turn out periodically to giggle and shout their various ways round the playground; villagers pass by on their way to the post office, ready to side-step the many tractors chugging through.

By city standards, it is a haven of peace. By rural standards, it is not at all the sort of spot you would expect to see an increasingly scarce, and particularly shy, wild animal.

However, there was no mistaking the hare's splendid black-tipped ears, the strong hind legs and the large, golden, staring eyes which gave the uncanny impression that it could see more than is visible to humans. It was a handsome, intelligent-looking creature and I could not help feeling rather honoured, as well as mystified, that it should have turned up in our front garden.

Hares have been dashing about in this country for thousands of years. Their bones have been found with the ancient stone tools of prehistoric cave-dwellers.

So it is no surprise that hares have a long-established and powerful role in our folklore. Once, it was believed that witches could turn themselves into hares, or certain other animals, at a moment's notice. A hare could be shot only with a silver bullet and, when this happened, the animal disappeared, to be replaced by an old woman inflicted with an identical wound.

For fear of association with witches there was once a taboo on eating hare meat but my neighbour, Jack, a countryman in his late 70s, recalls people shooting hares for food and being glad of it. The so-called March "madness" has been shown recently to be a normal part of the hare's mating behaviour, which is by no means confined to that month. The well-known boxing matches occur when the females ward off unwanted male attentions.

Jack also remembers a time when the fields were "thick with hares," and he helped to rescue the young leverets from their shallow nesting places (forms) in the corn before the deadly binding machines moved in.

Would that all farm workers took such precautions. It is thought that their machinery, plus the rapid loss of the hare's ideal habitat and food source – "unimproved" pasture – have contributed seriously to its recent decline.

We followed our hare quietly (my husband now convinced) as it left the garden and took to the street. Much to our relief, it disappeared into another garden that backed onto the open hillside. The distinctive sound of a hunting horn echoed across the valley. Only then did we realise what must have happened: the confused hare had been disturbed by the fox hunt and forced, against all its normal instincts, to enter the village for safety.

Jeany Poulsen

Topsy-turvy season in the garden

***Robin Lane Fox** is astonished to find Irises in bloom*

THE BEST sight I have seen for months is wedged against a functional greenhouse in the local botanic garden. It is not scented like winter-sweet or covered in flower like the nearby winter cherries. It is simply a green mound of leaves and stems which is usually thought to be best in Cornwall. Up in Oxford, Melianthus major has gone for growth in the mild weather and shown the non-Cornish public why its fanciers have always given it a pure alpha mark for foliage. It is five-feet high and still growing steadily, sending up six stems whose leaves are a soft sea-green among young ruffs of fresh yellow-green, like lettuces to the touch. It looks like a tropical seaside plant, combining boldness and distinction. I covet it dreadfully but it has its problems.

Somatimes Melianthus appears in catalognes (Burncoose in Redruth lists it) and sometimes in seed-lists – try Butchers of Shirley, Croyden – but it is not easy to raise from a packet. Ideally, it ought to grow freely for two or three seasons and build up to a height of four to eight-feet in the shelter of a terrace or the join between two warm walls, perhaps on the outer angle of a conservatory. There are people who have old plants in the Home Counties which are usually cut down to the ground in winter. However, you can take a few cuttings in August to ensure against a total loss. The plant needs space, but once you have seen it in a friendly season, it is unforgettable: so far, my plant of the year.

Admittedly, it is an unforgettable season. The maddest sight is a group of intermediate irises in full lavender-blue flower against a south-facing wall, near Oxford, where they are four months early. Primroses, wallflowers and aubrieta have lost their diaries and arrived early: wallflowers, indeed, have been opening buds since October. I cannot quite understand why some plants are so early, whereas some early plants are running on time: on one theory, the garden's timetable is being managed this year by British Rail, who have decided to substitute the word early for late.

For the record, there are violas, some spring-flowering phlox, some dianthus showing colour in bud, blue rosemary, flowers of viburnum carlesii, blue rosemary and leaves all over the roses (the shrub-rose Ispahan has never lost its leaves since last summer) and quite a few species crocus, all within yards of where I am writing. Oddly, shrubs which we expect in February and March are not always so far ahead of the game. Lent Hellebores are only beginning, while there is nothing yet on our yellow Cornus mas and the buds on the Mahonia japonica are not fully open. I would be fascinated to hear of similar variations and will print the maddest breach of the seasons in anyone's garden.

There are two obvious questions: what has been especially good, rather than freakish, and does it all matter? To my eyes, the winners have been the usual winter-flowering shrubs, which have covered themselves with scented blossom as never before. This is the year in which we can understand why gardeners in the American south have always been so fond of evergreen Sarcocca, the scented box. All varieties have flowered superbly but the best has been Sarcocca hookerana digyna, which has been prominent in good garden centres, despite its name, because its honey-scented flowers are irresistible. I am relishing a Christmas present of a young plant and recommend it in all seasons as an evergreen end-stop for the front of a longish border. Other old friends have been spectacular, especially winter cherry and winter honeysuckle.

From the plant's point of view, I think it matters in some ways more than in others and it depends heavily on the last act of the story. Slugs, snails and greenflies will be as prolific as primroses unless a sharp frost sorts them out very quickly.

Another few weeks and we will begin to see serious clouds of fruit blossom which will then be devastated by a sudden malicious frost. It is not easy to feel reassured because in gardens, too, what goes up too quickly comes crashing down: pear-trees, I suspect, are heading for a Brown Monday, with ice on their buds, a disaster which we are all discounting. But just suppose it goes on and on: the Melianthus will reach eight-feet outside Cornwall; the primroses will finish in February and we will begin to see hyacinths in time for St Valentine's Day.

None of this prematurity is a disaster, although gloomy broadcasters keep talking as if it is. The cold evenings set a firm limit to the opening of buds on larger plants, magnolias and so forth, and no amount of blue skies over lunch-time are going to change that. It is, instead, a year in which to relish what semi-hardy foliage plants could do for us and to value the performance of early-flowering shrubs.

If only the silver-grey Teucrium fruticans was always so reliable, it would not much matter if we had our delphiniums over and done with by April.

The early bird catches the worm

***Arthur Hellyer** is already looking forward to Chelsea Flower Show*

THE 1989 Chelsea Flower Show may be still four months away bnt naw arrangements for the sale of tickets make it necessary to write about it now. Last year, for the first time, membership of the Royal Horticultural Society did not guarantee entry to Chelsea, but the number of days for which only members could buy private view tickets was increased from one to two.

Although these new arrangements caused some confusion, they were widely appreciated because of the mnch more comfortable conditions they ensured in the showgrounds and so they are being repeated this year, but with improved organisation and publicity.

Even on the two days during which the show is open to the general public, entry will be by ticket only and, just as for the private view days, the number of these tickets has already been determined to prevent the degree of overcrowding that was common under the old, pay-at-tha-gate, numbers unlimited system.

Tickets for all four days are already on sale, and when they have all been sold no more will be printed, however great the demand. Only if some are returned and not resold will they be available at the gate. It would be very unwise to bank on this and so all who have set their hearts on visiting the show this year should make up their minds as soon as possible and then buy their tickets without further delay.

The two private view days are Tuesday May 23 and Wednesday May 24 from 8 am to 8 pm, and each member can buy two tickets for £8 each, or, after 3 pm, four tickets for £6 each. Thursday May 25 is the first public day and the hours are the same, but the ticket price until 4 pm is £14, after which it drops to £7.

On the last day, Friday May 26, the hours are 8 am until 5 pm and the price is £10 all day. RHS members can buy two tickets for Thursday and Friday for £5 each and these are extra to tickets available for the private view days.

Studying these figures, many readers may come to the conclusion that it would be economical to become a member of the RHS, the annual subscription for which is £14, plus a joining fee of £5. This gives the much better facilities at Chelsea as well as all the other benefits of membership, such as free entry to all the other RHS shows, free entry with a guest to the gardens at Wisley, Surrey; Rosemoor, Great Torrington, Devon; Ness Botanic Gardens, Ness, Merseyside, and the garden of the Northern Horticultural Society at Harrogate, North Yorkshire.

Members receive a free monthly copy of *The Garden*, use of the Lindley Library, expert garden advice and all the other benefits membership provides. Further information can be obtained from the Royal Horticultural Society, PO Box 313, Vincent Square, London, SW1P 2PE, or by telephoning 01-834-4333, but this can be a busy line and for latest information it may be quicker to ring 01-828-1744 which gives recorded information 24 hours a day.

This year there is another innovation at Chelsea which requires early announcement. The first Monday has always been reserved for the final staging of the show, judging and visits by members of the Royal Family. All this will continue as usual until 7 pm when there will be a Royal Gala Charity Preview continuing until 9 pm, which anyone can attend by paying £75.

There will also be a limited number of chalets which can be used for corporate entertainment, or companies wishing to have a meeting point for friends can be assigned particular exhibits at which they can assemble.

Tickets are limited to 4,000 and several hundred have already been sold so it seems likely that all will have gone long before May. For further information and booking contact Mandy Hills, Special Events Department, Help the Aged, St James's Walk, London EC1R 0BE (01-253-0253).

Added to all this, Chelsea itself is to be given a new look. A large section of the centre of the great 3½-acre marquee which houses the floral exhibits is to be planned by the RHS show staff with advice from a specialist flower show designer, Kees Van Driel, whose work will be familiar to visitors to the Royal National Rose Society's summer festivals at St Albans.

The drawbacks of the planned show are that it makes it more difficult to seek out and study the plants of particular exhibitors which may be distributed in several different places and that it also stifles the considerable artistic inventiveness of the exhibitors.

However, I suspect from what I have seen of the plans that the RHS experts are well aware of these dangers. Since the flanking sections of the marquee will be laid out in the traditional way, those entering from the sides may not at first notice much difference.

It is those who come in direct from the Chelsea Embankment entrance who will be confronted instantly with the results of Van Driel's work as they survey wonderful curving vistas between banks of roses and through a rocky moon gate decorated with bonsai beyond which there will be a great circle of rare plants commemorating the 125th anniversary of Hillier's nursery. Beyond this again they will reach an area of cunningly interlocked exhibits.

It is entirely new, it is sure to be exciting and I daresay it will also provoke some good-tempered controversy. It would be a pity to miss it.

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TRAVEL

If it's good enough for Cleopatra . . .

***Christopher Dunkley** takes his family sailing off the southern coast of Turkey*

YOU HAUL the anchor up soon after breakfast while the temperature is still below 80 degrees, use tha engine to leave the little bay where you spent the night (noting that the only life evident now at the restaurant under the pine trees, where you ate such a wonderful dinner, is a goat, grazing between the tables), and get the sails up as soon as you feel clear wind over the headland.

Then yon spend the day cruising parallel to the coast, dipping into a deserted inlet to go snorkelling, and stopping at a small island to explore a huge Roman–Byzantine ruin where you discover a mosaic floor with a swastika pattern under a thin layer of earth. You replace the earth for fear that other holidaymakers may remove the pretty stones as mementoes.

At lunch time you sail into one of hundreds of deserted bays, put a line ashore and, as the temperature rises and the air off the land feels more and more like puffs from a furnace door, you rig the cockpit awning, open the hatches and hang up the wind shute to channel air through both cabins. Then you dive off the stern and swim in water so clear, yet so deep, that you can see every detail of the bottom, even though yon cannot possibly swim down that far.

Lunch is stuffed vine leaves, tomatoes, lumps of bread torn off a vast cartwheel loaf, fetta cheese, olives, wine and melon. You work out with some incredulity that, even though you are drinking nearly two litres of bottled water per head, this meal is costing less than £2 each.

As you sail on down the coast in the afternoon the wind freshens, as it seems to most days. By the tima the sun begins to set, a fair breeze is blowing and when you head into Cleopatra's Bay — so called because this is where she is supposed to have taken the famous bath in asses' milk — you reckon that you must make a fairly impressive sight. The boat is heeled over hard, the lee rail is well under, and the whole family is perched up high on the windward coaming of the cockpit like an America's Cup crew.

Five minutes later, as your anchor chain clatters out over the stern, another friendly restaurateur comes down to the water's edge, ready to take your bow-line when it is rowed ashore in the dinghy. It is clear that, once again, you will not be having dinner so much as another feast under the Mediterranean stars, accompanied only by the sound of cicadas.

Since this idyllic scenario involves a boat and equipment worth about £60,000, it is, for most non-millionaires, merely an urban fantasy: a daydream for a wet February morning when the ring road is blocked solid. Yet these days, thanks to a relatively recent but rapidly expanding invention called flotilla holidays, almost any family or small group can do it, provided some members of the party have sailing experience.

What is more, for those who have only ever sailed dinghies or crewed on other people's cruisers, yet always wanted to try handling a bigger boat themselves, there are now holiday companies such as Island Sailing which organise training courses in Britain during the winter to prepare you for a flotilla holiday in the Mediterranean during the summer.

As a compromise, if you feel that your boat handling is rusty then you can do what the Dunkley family did and opt for a "club-flotilla" holiday. This gives you an initial week on shore at the "club," which is really a private hotel with a big fleet of boats attached: wind-surfers, dinghies, catamarans and cruisers. Those who have never sailed can learn, those who want day-sailing can take the boats out at will, and those who need to polish up their cruiser handling with a club instructor can do so. The following week you can join one of the flotillas.

The idyll is not, of course, entirely without snags. When we arrived at Dalaman airport the temperature was 104 degrees F, which even the Turks thought a bit much. The journey from there to the brand new Amos club hotel, outside the popular holiday harbour town of Marmaris, is along some rather over-exciting mountainous coast roads. The buses are oldish, slowish and hot, and the journey takes an hour-and-a-half.

Turkish tourism is developing at a stupefying pace, and the services and infrastructure are being improved all the time. The fact remains that at present there are too many people on Turkey's southern coast in the summer, so that power cuts in mid-evening are commonplace; and if you take your boat into a large harbour such as Göcek or Fethiyē you may have to wait a long time for the fresh water hose, which may then deliver little more than a trickle, thus taking hours to fill your tanks.

It is worth remembering that some people (Nelson was one) only have to set foot on a boat's deck to become seasick, so it makes sense to take one of the modern cures — Stugeron, for instance — with you. Finally, there is tendency on flotilla holidays for a whiff of the Sea Scouts or even Butlins to creep into proceedings: people start to organise regattas, belly-dance evenings, and the like. It is all tremendously good-hearted, almost everybody seems to love it, and if you do happen to be as anti-social as the Dunkleys there is no great difficulty in quietly opting out.

For the rest, the idyll is virtually perfect. Mrs Dunkley preferred the week ashore which she split between the club's swimming pool and the archaeological sites in which this coast is so rich. The trip to Ephesus was cancelled ("No-one could stand the travelling in this heat"), but it is almost impossible to move along this coast without coming across astonishing archaeological treasure. Miss Dunkley most enjoyed the day sailing in dinghies during the first week, especially the single-handed Lasers, and the race in Wayfarers (largely because she won it). The male Dunkleys preferred the second week on board the yacht Lalé.

The yachts, which are modern glass fibre cruisers, are very well equipped, not only with decent sets of sails and well maintained gear, but with big cold stores (you line them with huge ice blocks), showers which operata both below decks and in the cockpit, radio for ship-to-shore and ship-to-ship contact, inflatable dinghies — even a "starter pack" of food and drink.

On the lead boat there is a professional skippar who knows the area well; a "hostess" who organises equipment, advises on shopping, currency, water, gas and a hundred other practicalities; and an engineer without whom the fleet would rapidly deteriorate into an unlit, unpowered, insanitary shambles.

The habit is to meet each day immediately after breakfast, agree where to spend the next night, take advice on winds, possible courses and lunch spots, and then set off independently, staying in touch by radio. Most flotillas have a "free sailing" period of 48 hours or so in the middle of the holiday, when boats go off in all directions.

Having tried a flotilla holiday in the Greek Cyclades seven years ago, when it blew just under a gale for a week, ths Dunkleys agreed that the southern coast of Turkey was a vastly superior area for such jaunts. The sun shines, the wind blows with remarkable consistency, the scenery is magnificent, the Turks are friendly, and there are countless remote bays with restaurants which are at present, to all intents and purposes, accessible only from the sea. As the Turkish road building programme proceeds, this will change.

Eating in Turkey is rather like eating in Italy 20 years ago: the waiter will often offer you a choice from a huge tray of mixed salads and "mezze" to start with, and you usually go to the kitchen to choose the fish or meat. Then — after fruit and yoghurt and wine — when the bill arrives you think they must have left a nought off the end. Both the strictly vegetarian Dunkley daughter and the voraciously carnivorous Dunkley son loved the food, as did their parents.

■ **Two-week club/flotilla holidays based on the Amos Club, with four people sharing the yacht during the flotilla, start at £310 per person (including return flight) in April and rise to £705 per person in July and August. Island Sailing, which now runs flotillas all over the Mediterranean, is based at The Port House, Port Solent, Portsmouth, Hampshire, PO6 4TH, tel: 0705-210345.**

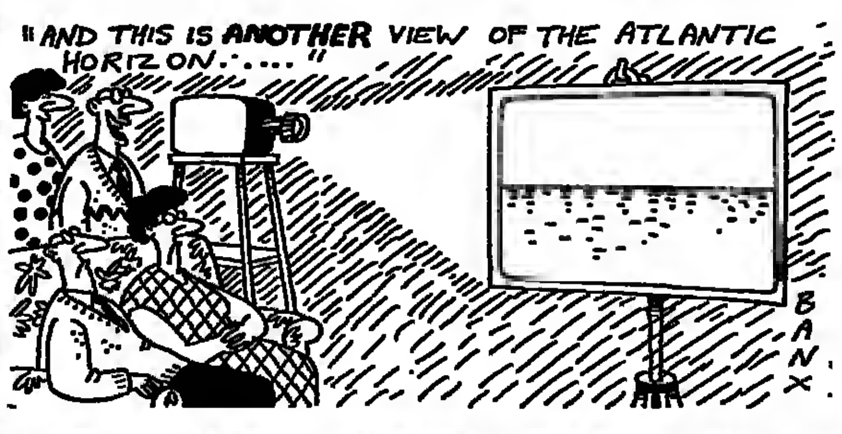
Adventurers who peel their own potatoes

***Keith Wheatley** meets two men who have succeeded in realising a daydream in a very British way*

RUNNING AWAY to sea remains a pervasive daydream for many Englishmen. Witness the number of large, half-finished cruising yachts poking through hedges or over garage roofs on any drive through suburban Britain. There is many a householder with an imagination bigger than the backyard.

Tony Allen and John Chittenden are an unlikely duo who have actually succeeded. Allen, a young solicitor bored with his desk, and Chittenden, an ex-master with Shell Tankers, focused their dreams and bought a decrepit maxi-yacht and entered it in the next Whitbread Round The World race.

Their plan was that once the boat, a powerful 80 ft offshore racer that competed in the 1981-2 WRTWR, had been refitted and made safe and habitable, other adventurers might care to come with them around Capes Horn and Good Hope, sharing the formidable costs.



That uniquely British approach of skill and competence, veneered by amateurism, proved as attractive as ever. Creightons Naturally, the no-cruelty cosmetics firm, offered to sponsor the yacht and she now bears its name.

A refit that began with three over-worked people, Chittenden and two volunteers, seemed eventually to encompass half of Hull — a port hardly renowned for racing yachts. The Lady Mayoress gave a plaque. A trawler company pitched in with a vastly efficient diesel heater, as used off Iceland.

On a chilly and windy delivery voyage to Southampton, the heater was much appreciated. However, most of the crew were so happy to be there they would have done the trip on cheese sandwiches and an interior glow.

There was Phil from Hull. Ha ran the cafe in the marina where the refit took place, fed the workers for six months, and then took a holiday to sail with them. He would happily change a writhing sail while under tons of freezing green English Channel as long as he didn't have to cook.

And there was Bob, a mild-mannered Cornish inventor and restaurateur, who absorbed new skills like a sponge. Plus Malcolm, the London-based architect and interior designer, who knew zero about boats but had enough culinary and human-relations skills to service a dozen maxi-yachts.

Next month Creightons Naturally begins a series of charters with paying customers. The 10-day trip down to Gibraltar costs £450, various two-week excursions from the Rock to Casablanca and Tunis about the same. In April the big broad sloop turns her nose to the Atlantic and heads to New York, returning to Falmouth in May.

It is not a holiday for the conventional or the faint-hearted. You get one of 21 bunks in the communal mess, excellent food — plus a chance to peel your own potatoes — and work on deck six hours out of every 12.

But it is less Outward Bound than it sounds. "The aim on these voyages will be enjoyment, with the emphasis on building a contented and cohesive crew rather than training," said Chittenden. "Everyons plays a part in running the yacht but you don't need maxi-yacht experience."

Of course, if the thrill of steering 40 tons of maxi with a wheel too big for one man to span proves addictive, there is always the Whitbread itself. Eight months at sea, 36,000 miles leaving all known continents to port. Creightons Naturally can provide the trip at £12,000 — which could be the "holiday" of a lifetime.

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TRAVEL

Oyster opening, well, now there's a thing

Kieran Cooke spends a really great wet week in a rented cottage on the edge of Galway Bay

THE IDEAS that hit one in the west of Ireland are extraordinary. They come at you unannounced out of the white swirling mists and the black foaming pints: great, momentous, monumental sparks of the imagination. Like the one I had about the next Olympics. I am proud to announce a new event that will take Barcelona by storm and restore the tarnished steroid-ridden Olympic image.

Oyster opening.

Willie Moran, of County Clare in the wild west of Ireland, would be one of the favourites. He can open 30 oysters in one minute and 31 seconds. Any amateur confronting a tightly closed oyster knows that Willie's feat is the equivalent of running a three-minute mile and doing a 40 ft jump at the same time.

No medically unsupervised record attempts should be undertaken. Many a hand has been hopelessly speared in an effort to gain access to an oyster jealously guarding its privacy. But if any of you think I am talking through my much rained upon, sat upon, slept upon flat hat, ask Willie himself.

He and his family run a public house specialising in the art of oyster swallowing just outside Clarinbridge on Galway Bay. It is at the end of a narrow winding road by the shore, best navigated very carefully. More specific directions are useless. Just ask. The answer will be something like: "Leaving the creamery on your left and St Mary Magdelene's on your right, you go due west for a mile and a bit."

The mile is a mile. The bit is about three. Flexibility is the key to holidays in Ireland, especially in winter. We rented a cottage on Galway Bay for a week. It rained every day, most of the day. The pheasant we cooked for Christmas dinner was rotten. I had 'flu.

It was great. There is so much to do. Blowing the fire alight for an hour in the morning for one thing. Then buying the paper at the pub up the road. The delivery was usually late and what with one thing and another, you have a drink while waiting. In no time it is lunchtime. Then it's into the oilskins and a walk along the shore.

That is when other thoughts hit you. Like the strategy that I am convinced the Irish Tourist Board employs for making sure the visitor never feels entirely alone. Early every morning, groups of old men are collected and set down at various obscure points on Ireland's highways and byways. How else to account for those strange moments when one is relieving oneself in the wilds or just gazing at an utterly desolate scene?

"Nice day now, thanks be to God," a gravelly voice says. You look around. Nothing but a stone wall. Then you see a flat cap, a pipe, and two laughing, all-knowing eyes. These people are everywhere. I met one in the most rain-lashed, wind-swept, out-of-the-way place on Galway Bay. Irish conversations are like delicate fencing matches. Nothing is ever said directly, no forthright question ever asked. Yet in 10 minutes this man knew all about me while I had no knowledge of his existence. He did tell me, or rather loosely described, where there were mussel beds. But the directions were so complicated that it took five days of scrambling over rocks to find them.

The southerly coast of Galway Bay is a strange place. The Burren dominates the scenery. "Neither wood to hang a man, water to drown him, nor earth to bury him," was how Cromwell's troops described this bizarre outcrop of mainly limestone hills.

It is a rocky moonscape, full of caves and potholes and underground water systems. Botanists and geologists haunt the place. Wild flowers found in few other places in Europe nestle in fissures and cracks in the Burren's stony surface. The colour of the rock changes with each passing cloud. At night, under a bright moon, the Burren has a shining, pagan magnificence.

There are blots on the scenery as well. Ireland has been careless with its wealth of natural beauty. Poorly built, badly sited bungalows litter much of the landscape. Pretentious villas sit on hilltops.

The Burren area is rich singing country. Most pubs have some sort of "function" on a weekend evening, best attended in spring or winter before the arrival of the tourist crowds.

Holiday cottages are also cheaper out of the summer high season. We paid I£160 per week for ours, which, at a pinch, could sleep seven.

Coal, peat and electricity cost another I£40. Ireland is still an expensive country and self-catering is essential, particularly if you are going to have money for oysters and other vital necessities.

Willie Moran tells me that sometime back a racegoer arrived after a good day out and polished off 14 dozen oysters at one sitting. Now there's another sport to suggest for the next Olympics.

■ Irish holiday cottages can be booked through a central reservations office on Dublin 747733. Booklets listing Irish cottages for rent are available from offices of Bord Failte, the Irish Tourist Board.

Yangtze ports of call

Last week, DANIEL GREEN described a Yangtze river ferry trip in the company of numerous fanatical mah jong junkies. Here, he describes the cities at either end of his trip: Chongqing, in China's Sichuan province, and Wuhan.

MAO TSE TUNG'S basketball court should be reason enough to visit Chongqing, though few tourists stay long enough to check it out. The picturesque mist that hangs above the city's dark, steeply-terraced rooftops is an acrid smog, for the precipitous bicycle-free streets are clogged by grinding, belching buses even more crowded than in the rest of China.

The taxis are the most decrepit I have ever travelled in. Be careful where you sit, for screw-threaded bits of metal stick out of the doors at unpredictable angles.

This city of 6m needs to be worked at to find its attractions. Its history is short and dramatic. It rose to prominence in the late 19th century as the most upstream of the Yangtze treaty ports forced on the dying empire by western powers eager for silk and silver. It was the seat of the nationalist government when the Japanese occupied the rest of the country in the 1930s and '40s.

Edgar Snow arrived in the city in 1939 and found it a "place of moist heat, dirt and wide confusion . . . Acres of buildings had been destroyed in the barbaric raids of May and June. The Japanese preferred moonlit nights for their calls, when from their base in Hankow (now part of Wuhan) they could follow the silver banner of the Yangtze up to its confluence with the Kialing, which identified the capital in a way no blackout could obscure."

The communists were there, too. Their headquarters building is now a museum. You can wander unhindered into offices and bedrooms once lived in by Mao Tse Tung and Zhou En Lai. A leafy stroll across one of the few quiet hills in the city brings you to their basketball court.

A good guidebook is invaluable — the only other westerner there on the day I visited, a Norwegian diplomat, had a human guide whose spoken English was almost unintelligible and whose information was gleaned on spec from the little plaques in English that were dotted about.

The Working People's Cultural Palace across the road was livelier. It has an ornamental garden, a pedal-powered switchback ride and a cinema. Old men proudly show off their wicker-caged songbirds. Lovers cuddle in quiet corners. Parents spoil their one allotted child rotten.

The visual centrepiece of the city is the vast and colourful Renmin Hotel. It squats on a hill in the west of the city and includes a 4,000-seat auditorium. It looks a picture of imperial decadence but was in fact completed in 1953, just four years after the establishment of the People's Republic. Unfortunately, only the suites (£35 a night and beyond my budget) were available when I was there. I stayed for a third of that at the functional and more centrally located Chongqing guesthouse.

Chongqing is famous for having nowhere good to eat — at least that is what western guidebooks say. In fact the problem seems to be that restaurants have neither a profit motive nor menu in English to ease the hassle of serving foreigners. Waitresses have discovered a magic English word which solves the problem. That word is "closed." It is the only English word they know and they may utter it irrespective of how bustling and lively the restaurant is.

Should this ever happen to you, my advice is to ignore it. Go and sit down. You will be brought a menu as if nothing had happened. To order, point to a dish on another table and nod. The generous chilli-laced Sichuan meals were well worth braving the stony-faced waitresses and their language barrier. They cost about a quarter the price of the same meal in my hotel.

It is hard to think of a Chinese city more unlike Chongqing than Wuhan. Its flat, tree-lined streets tinkle with the bells of a million bicycles and cycle-rickshaws. Old men play cards by the Yangtze in the shade of rhododendron bushes. Couples, young and old, stroll the streets, bathing in the spicy smells of street restaurants and produce from the abundant fields of Hubei province.

Wuhan is three cities rolled into one. Its once discrete components — Hankou, Hanyang and Wuchang — are now linked by bridges across the Yangtze and its tributary, the Han. The oldest part, Wuchang, is sleepy and suburban. The city museum — with a collection of locally-unearthed 2,200 year-old musical instruments — is on the tour group trail, but little else is.

The beating heart of Wuhan is Hankou. It burst into life in the middle of the last century after the 1842 Treaty of Nanking opened the imperial gates to traders from Britain, France, Germany and Russia. At the turn of the century the 64-year old adventurer, Isabella Bird, called Hankou "the million-peopled city, the commercial centre of China, the greatest distributing point in the empire, the centre of the tea trade, which has practically fallen into Russian hands."

She also called it Hanmouth and may have been a little disingenuous about the power of the Tsar since she added that by 1898 "so far as the import of foreign goods is concerned, the British share is one half." A mere 13 years later, Wuhan's Chinese garrison revolted, triggering the fall of the last emperor and the rise of Sun Yat Sen.

Western influence is still there. The stately colonial buildings, built on the waterfront with the fortunes of trade, are unspoilt either by time or tourism. But the atmosphere today is distinctly provincial. Locals are more likely to stare at you than offer to buy your dollars. There is only one set of traffic lights in the city centre. It plays a little tune when it changes colour, as if to remind unsuspecting onlookers of the presence of technology.

The Yangtze river bridge dominates the city. Before 1957 all goods moving between north and south China were taken across the river by ferry. In that year Soviet engineers helped the Chinese build a bridge at Wuhan. It is a double-decker — road and rail — 1,100m long and 80m high. I had to walk across when a gale halted passenger ferries. It took 15 minutes, about as long as it did for the thousands of crazily tilted, teeth-gritting cyclists.

Wuhan is a place that tourists pass through rather than visit. As well as being an east-west river port, it is on the main north-south railway linking Peking with Canton. Consider spending, perhaps, a couple of days in this city of 3m, because Wuhan is friendly and unaccustomed to foreigners — a little like China is supposed to be.

■ The best way to get to Chongqing is by air. I flew in from the south-eastern resort town of Guilin (750 miles, about £25) on an ancient Soviet-built Antonov 24 propeller aircraft. CAAC, the Chinese national airline usually referred to as cack, lived up to its reputation. The in-flight food was a plastic packet of preserved vegetables soused in pure monosodium glutamate. The seats felt as old as the aircraft. But it was punctual to the minute. And for two hours in the company of Japanese tourists and Buddhists monks, it was quite fun really.

You can also arrive by train from Chengdu, the capital of Sichuan. The trip takes nine hours. There is a direct train to Peking.

Chinese pupils in Chongqing: schools are trying to instil unselfish behaviour in only children

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MOTORING

The Range Rover Vogue: a lovely motorway cruiser which can also handle really rough terrain

Range Rover, a thirsty pet

***Stuart Marshall** on the posh, plush darling of the country set*

BARBOUR JACKETS and Range Rovers have a lot in common. Range Rover owners wear them. So do a lot of people who would like to be mistaken for Range Rover owners. The trouble is, they can afford a £90 Barbour whereas a vehicle costing between £22,000 and £29,000, key to hand, is out of their financial reach.

But it goes deeper than that. Both the waxed cotton waterproof and the massive 4x4 on-off roader appeal to a wider market than their makers could have imagined.

Barbours were designed to safeguard field sportsmen from hypothermia but you see more of them to the middle of London nowadays than in the heart of the country.

The Range Rover was conceived in 1970 as a dual-purpose vehicle for the farmer. The idea (which could only have come from an unmarried man) was that the farmer would drive his Range Rover over the fields all day and take his wife out to a restaurant in it that evening.

What really happened was that wives who had spent two hours getting themselves ready took one look at the mud and manure spattered machine and said: "You must be mad if you expect me to get into that filthy thing in my new dress. If you really want to take me out, get the Jaguar or phone for a taxi."

The dual-purpose idea was laid to rest but the Range Rover soon became the darling of the horsey set. With its lusty 3.5 litre V8 engine, permanent four-wheel drive and estate car body, it was perfect for trailing a couple of hunters to the meet.

At the point-to-point, you could serve lunch off the tailboard, or stand on it to watch your friends coming a cropper. It never got stuck in the morass of a county show car park. Unlike a Land Rover, then the only alternative, it had face-forward seats for five people wearing bulky outdoor clothing – Barbours and boots, for example.

Soon, Range Rovers were *the* vehicles to be seen in. The Royals had them. They smacked of old money, broad acres and good backgrounds.

As sales of the Land Rover declined, in part due to Japanese competition, those of its posh relative surged upwards. Last year, 24,185 were sold worldwide, beating the previous record (in 1987) of 20,505. UK sales were up, too, from 5,027 in 1987 to a record 6,175 last year.

In America, it it is now the toast of the country clubs, though the US Customs Service is threatening to pull a fast one and raise import duty tenfold. The Range Rover, it says, is not a car (taxed at 2.5 per cent) but a light truck (taxed at 25 per cent).

I can't think of anything less like a light truck than the Range Rover Vogue SE I am using at the moment. It cruises the motorways very quietly at businessmen's speeds and the interior, thickly carpeted and trimmed with hide and wood veneer, could have come from a Jaguar.

At last, the Range Rover has the transmission it had always cried out for – a silent chain drive between engine and high/low transfer case and the excellent ZF 4-speed automatic also found in Jaguars and BMWs.

The machine shop noises and clonking drive line that plagued earlier Range Rovers has gone. The automatic is vastly preferable to the heavy manual five-speeder and its muscle building clutch. There is now a viscous-type centre differential which apportions power between front and rear axles according to tyre grip. And the shift from high to low range for off-roading is now as delicate as it used to be wrist jarring.

Not that more than a tiny minority of owners ever goes properly off the road anymore. (Would you, in getting on for £30,000 worth of luxurious motor car?) Nearly 20 years of experience has taught me that Range Rovers are superb on really rough stuff. But few people except development engineers and motoring journalists now drive them in and out of bomb craters and down cliff faces.

Many people buy Range Rovers for life style rather than practical reasons, like two City men I know who drive to the station each day. They tell me, straight faced, they must have one to be sure of getting through in winter time. But they are talking about the Hastings line, not the Trans-Siberian Railway. With two cold starts followed by less than 10 miles of driving, they must do well to average 12 mpg (23.5 l/100 km).

The Range Rover cannot help being a petrol swiller. Because it is strongly built, it is heavy. High build and enormous frontal area give it the aerodynamic efficiency of Windsor Castle. On the motorway, it becomes seriously thirsty.

The official figures for the Vogue automatic are 14.6 mpg (18.3 l/100 km) for the urban cycle, 26.2 mpg (10.8 l/100 km) at a constant 56 mph (90 kmh) and 20.2 mpg (14 l/100 km) at 75 mph (120 kmh). Unless you are prepared to stay below 60 mph (95 kmh), you must reckon on 18-19 mpg (15.7-14.8 l/100 km) at best on a journey.

It will cruise at a relaxed 80 mph (128 kmh), with a lot of power in hand but the 17.5 gallon (80 litre) tank will need filling at 270 mile (435 km) intervals. Lead-free petrol can be used, with minor adjustment.

For years, the Range Rover was starved of development cash. It also suffered from Land Rover's refusal to believe that only a small minority of buyers were going to drive it extensively off road.

As a result, only after prolonged arm-twisting did Land Rover finally give in and offer the Range Rover with four doors, power steering and automatic transmission. The agricultural looking bonnet hinges have been banished (it was felt the Americans would not put up with them) and the tailboard is now easier to undo.

Considering that it has two heavy beam axles on soft, long travel springs, the Range Rover rides incredibly well on the highway and is unbeatable for comfort across country. But I am sure it would feel less roly-poly on winding roads if it had independent front suspension, like its main rival, the Mitsubishi Shogun – soon to be sold with a 3-litre V6 engine, incidentally.

Land Rover has always brushed aside the possibility of using independent front suspension, maintaining it would compromise off-road capability. It said the same of power-assisted steering and automatic transmission in the past.

But nothing stands still. The Land Rover now has the same suspension as the Range Rover. Its more highly bred stablemate is now mainly a road-going car. So might it not be sensible to make it handle even better on tarmac by giving it front suspension like that of a car, not a lorry?

Though it plays its cards close to its chest, Land Rover is known to have developed a smaller, lighter and, most importantly, cheaper 4x4 estate. It will compete with Japanese vehicles such as the Shogun, Isuzu Trooper, Daihatsu Fourtrak (and forthcoming Sportrak). These now occupy the middle ground between the hob-nailed Land Rover and the luxury Range Rover.

More competition for the Range Rover will soon come from the Renault Espace Quadra and Nissan Prairie, both with full-time four-wheel drive. They are not cross-country vehicles adapted for road use but road-going vehicles that can take to the fields and not get stuck.

They lack the Range Rover's 3.5 litre, V8 muscularity. Yet as multi-seat, multi-purpose recreational vehicles with some off-road capability, they could be a logical and more economical buy.

But will they have the social status of the Range Rover? This is where the crunch comes for a lot of potential buyers. On that question, I pass.

In defence of the old

AS AN investment, collectable cars have been knocking spots off most equities and fixed interest stocks. They must be fun to take out for e little gentle exercise now and again – but to use as daily transport?

A few weeks ago I wrote light heartedly about my "old cars are old cars and new cars are better" philosophy (based on painful experience) and got my knuckles rapped by a Kent reader.

He had read my piece on classic cars with "a mixture of disagreement and disbelief."

He has never bought a new car in his life. At first, he could not afford them. Now, there is none that especially appeals to him. Over the last 42 years he has run a 1939 Mercedes 170V, a 1949 Austin 16, a 1960 Daimler Majestic and three Daimler Century saloons. He has had his present Century, a 1954 model, for over 16 years

None, he says, has given "any great trouble." He claims 25 mpg (11.3 l/100 km) on short runs in his Century, 32 mpg-plus (8.83 l/100 km-plus) on long ones. The ride is, he says, very comfortable.

The Century is "very fast" when required and suffers no depreciation (touché on that one, Norman Macdonald, of Tunbridge Wells). It is his only car, is used year-round and will, he believes, be on the road long after more modern vehicles have been run into the ground.

I replied that in 1954, when his car was manufactured, I lived in a house with a filthy coke boiler in the kitchen and an open fire in the sitting room. Both needed constant attention, as did my wife's twin tub washing machine. Our TV was black and white. I used a manual typewriter and my camera took pictures only with a lot of fiddling and the use of an exposure meter.

My car at that time was a VW Beetle. It had dangerously unstable swing axle rear suspension, cross-ply tyres, a fuel tank under the bonnet, no luggage space to speak of and a smelly, inefficient heater.

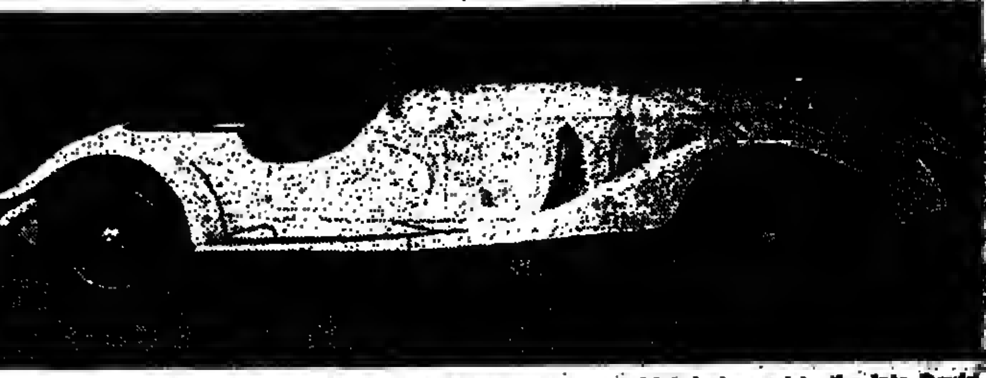
Today I enjoy oil fired central heating, constant hot water, a colour TV and have a camera that takes perfect pictures almost unaided. My wife turns on her automatic washing machine then goes out shopping. I produce perfect documents on a word processor.

My car is a 1988 Citroen BX diesel estate. It is utterly reliable, is serviced twice a year, has a marvellous ride and handles much better than a sports car of a generation ago. It is effortlessly power steered, cruises quietly at 80 mph and gives me 46 mpg (6.14 l/100 km) month in, month out

For me, this was progress, I told Macdonald. The thought of going about one's daily business in a 34-year-old motor car struck me as quaint and about as logical as returning to 1954 conditions in my home.

Am I just a philistine? Or do the Macdonalds of the motoring world know something that I don't?

S.M.



This 1930 Mercedes-Benz 38/250SS supercharged sports car, which belonged to the late David Scott-Moncrieff, car enthusiast and writer, comes up for sale at Christie's on April 3, at Donington in Derbyshire and is estimated to fetch more than £500,000

Cowboys of the car seats

NOTHING LASTS for ever, not even leather upholstery. As a natural material, it needs a little loving care to look its elegant best. Mainly this is a little hide food (yes, really – it is a white cream you rub in). If neglected over the years, it may need expert restoration.

Sadly, this is where the cowboys have moved in. *Connollys*, Britain's *leading* leather manufacturer, has been plagued by firms purporting to offer a "Connollising" or "Re-Connollising" service.

What some have really done is to damage, perhaps irreparably, the upholstery on rare vintage cars and valuable antique furniture. And Connollys have had irate calls from the customers because the treatment has come off all over their clothes.

Connollys, which supplies such car makers as Rolls-Royce, Ferrari, Jaguar, Volvo, Renault, Ford and Nissan with their upholstery leather, says the terms "Connollise" or "Re-Connollise" can be used only by itself or its agents.

Anthony Hussey, a director, says he will go to law if necessary to protect the company's good name. "If we felt these operators were doing a service to the public, we would not have objected to the use of our name," he says. "Instead, they are misleading their customers and damaging the reputation of Britain's leather industry in this country and abroad." So if in doubt, call Connollys (01-543-4611) or Leather Care Renovations, Handforth, Cheshire (0625-536579).

S.M.

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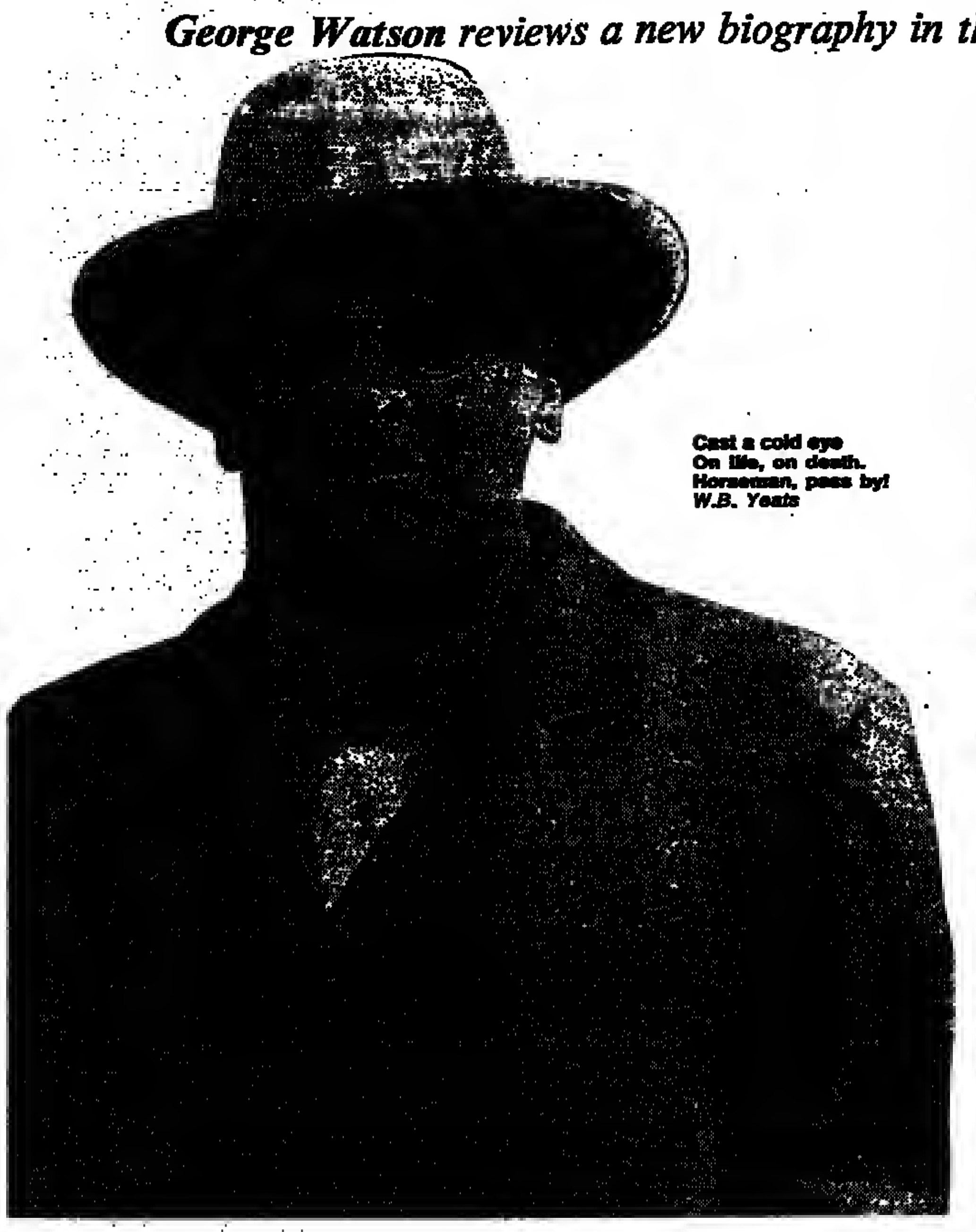
BOOKS

Yeats: a portrait without the warts

George Watson reviews a new biography in the 50th anniversary year of the poet's death



Cast a cold eye
On life, on death.
Horseman, pass by!
W.B. Yeats

IN JANUARY 1939 Yeats died in a French Riviera hotel called Ideal Séjour after a life spent in search of ideals. They included Victorian romanticism, Celtic revival, Medieval semitic mysticism, Hinduism, and even a stab at Modernism picked up from a lively young American in London called Ezra Pound. That was a long search. The young man who had dined in Chelsea with Oscar Wilde, wearing extravagantly yellow shoes, lived to have his elegy written by W.H. Auden in the very month Auden decamped to New York.

That is the story that Prof Jeffares of Stirling, a fellow Dublin Protestant, has now told for the second time. His first attempt, 40 years ago, has been outdated by a mass of critical additions, and he has gained access to unpublished letters. He has also enjoyed the conversation of the poet's widow and friends, and he tells the story unpretentiously, undeviatingly and with almost no critical comment, straight as an arrow from birth to death. In fact the book ends only two paragraphs after that Riviera death, mentioning the funeral but not the elegy it provoked.

Yeats belonged to an artistic family from Dublin and Sligo that moved to London in 1887 when the poet was in his early twenties. Father and brother both painted.

His father's unbelief drove the boy in search of faith, since he could believe in no religion as Ireland knows it, or live without one. Or without love, since Yeats is the great love poet in English of the century and a bitter portraitist, above all, of senile desire. His early love of girls seems to have led him straight into play-writing, since he yearned to write plays for them even in his teens; and the book is a convincing record of intellectual false starts and furtive affairs or attempted affairs, omitting only any emphasis on his unhappy family ties. This is Yeats without warts, though some of the facts speak amusingly for themselves.

Inconstancy was the chief constant of his mind. He could take no intelligent interest in British public affairs since, as he once remarks at a dinner table where Asquith sat, he watched them as a child might a horse race, seeing only the colours of the jockeys' coats and changing sides in mid-race. That inconstancy explains his need for masks: if

W.B.YEATS: A NEW BIOGRAPHY
by A. Norman Jeffares
Hutchinson. £16.95, 374 pages

one cannot cherish beliefs, at least one can try them on as a woman tries on hats.

That mind-on-the-move is the defining characteristic of our century. Poetry, as he once remarked, is a quarrel with oneself, so the poet is licensed, even required, to change sides as he writes. No wonder he admired Blake's theory of contraries. "Conflict, more conflict" he shouted, waving a sword at an Indian who had consulted him about the coming Hindu-Moslem struggle for power in India.

He had helped stir Ireland into blood after 1916, though as a nominated Senator of the Free State and member of a minority he was occasionally appalled by the outcome. But then he held abstract consistency for nothing – an Anglo-Saxon fetish. "The tragedy of sexual intercourse," he remarked to an Oxford don, "is the perpetual virginity of the soul." He longed for a conviction that would possess him utterly, as Leda was possessed by Jupiter as a swan.

The second Jeffares life is decorated 1890s-style in its spine and endpapers so that it looks like a parody of greenery-yallery, and it is enriched with photos of Yeats and his circle that fascinate even when they fail to endear. This is a book to read gaily through rather than to ponder. Brisk of narrative, it is loose of style and thinly indexed, with scanty notes packed briefly at the end.

It will introduce newcomers to Yeats rather than advance his name. Being largely wartless, it omits some withering portraits like the ageing poseur C.S. Lewis met in Oxford by candlelight soon after the First World War. No sign, either, of Auden's blast against Yeatsian mysticism as suburban and southern Californian. Perhaps the book is too Dublin-centred for that. But it does quote Edward Dowden's private comment of the young man he knew in 1886 hanging in the balance between genius and the fool. Yeats went on hanging there for half a century.

That may puzzle, even agonise those who believe great poetry can only be made of wisdom, and some have dug for wisdom they feel sure must somewhere be there. The fact remains that no poet of the language in this century, as it draws towards its prosaic close, can equal Yeats in high vatic utterance, even if that utterance sometimes depends too much on rhetorical questions that suggest more than they say and on silences meant to be profound. Behind those silences lay some demeaning passions and a mind which, ceaselessly out of ease with itself, was eager to plunge others into a sea of blood.

Herbert Hoover's wartime mission

THE LIFE OF HERBERT HOOVER: VOLUME TWO, THE HUMANITARIAN
by George H. Nash
W.W. Norton £17.95, 497 pages

HERBERT HOOVER is generally remembered for two things: his achievement in relieving famine and distress among civilians throughout Western Europe in 1914-18; and, secondly, for his failure as US President to reverse or even understand the economic collapse of 1929-1933, culminating in his overwhelming defeat by Franklin Roosevelt in the 1932 election.

Here, in the second volume of his most valuable three volume *Life of Herbert Hoover*, George Nash records in full detail the remarkable story of the Belgian relief effort of 1914-1917 when the US was still neutral.

In 1914 Hoover was a highly successful 40-year-old mining engineer controlling from his London Wall office an international network of mining companies. In the first few weeks of war American residents in Britain and tourists from all over the continent found themselves stranded in London, many of them without money or lodging.

Hoover improvised in a few days, and at his own expense, a scheme for providing these unfortunate refugees with money, food, lodgings and passages home. Out of this venture, run from London Wall and the Savoy Hotel, sprang the independent Commission for Relief in Belgium, as soon as it became clear in October that the nine million civilians in occupied Belgium and northern France faced starvation during the winter.

The task looked impossible. The occupying Germans refused to feed the Belgians on the grounds that the British blockade was starving them; and the British refused because food supply to Belgium would leak into Germany. In a few weeks Hoover persuaded the Germans that the relief of Belgium would ease Germany's problem, and the British that it would maintain the Belgian refusal to do war work for the Germans.

By exploiting his neutrality as an American citizen, and by an extraordinary combination of improvised organisation, aggressive, amateur diplomacy and sheer determination, Hoover secured the co-operation of the British, French, American, Dutch and exiled Belgian Governments, and from early 1915 was buying and shipping across the submarine-infested Atlantic and distributing in Belgium and later northern France over £1m of worth of food a month for nearly three years.

In these years Hoover thought nothing of negotiating personally with Sir Edward Grey, Asquith, or the German Governor-General in Belgium; or of forcing his way, twice, successfully into argument with Lloyd George at No 10, and in Berlin with a German general, who gave in to Hoover's demands because he had a bad conscience about the execution of Edith Cavell.

Hoover's chief allies in and supporters in all this were Colonel House, President Wilson's adviser in Washington DC; Walter Hines Page, US Ambassador in London; and F.W. Hirst, Editor of The Economist and, like Hoover, a peace-loving – though not pacifist – liberal. Hoover himself, an orphan at the age of 10, and brought up as a Quaker, saw the whole operation, justifiably, as a humanitarian crusade; and mobilised American charity with the claim that it enhanced America's world reputation. But most of the money came in fact, discreetly, from the British and French Governments.

Nash is endearingly candid in both his fervent admiration of Hoover's achievements, and recognition of his occasional weaknesses and mistakes. Chief among the former were an ill-disguised consciousness of his own formidable abilities and impatience with those who opposed him. The successful American businessman was his ideal human type, and he seemed seldom if ever have been known to smile.

It was in the end ironic, but not really surprising, that Hoover, whose talents in 1914 to 1917 were so providentially apt for the challenge which confronted him, should have found himself so at sea as President during the Great Crash of October 1929. Macro-economics had of course not been invented, or needed, in 1917.

Douglas Jay

Their lordships take a view

A HISTORY OF THE HOUSE OF LORDS
by Lord Longford
Collins £15.00, 280 pages

A CENTURY and a half ago Macaulay declared: "The institution of the Peerage is evidently dying a natural death." Lord Melbourne said: "I wish I could be as sure of anything as Tom Macaulay is of everything." Shortly after the historian joined the institution as Lord Macaulay.

What after all is the function of the House of Lords?

The great Lord Salisbury defined its role succinctly when he said that the House should express its views with confidence, but "yield when the judgment of the nation has been challenged at the polls and decidedly expressed." I hazard the opinion that practically everybody would agree to that view of its role today.

There is however an awkward consequence which the great man implied: there are questions on which the House of Commons does not express the judgment of the nation. (Isn't that the case with regard to the death penalty for murderers and terrorists?)

Lord Salisbury used that argument to defeat Home Rule for Ireland. I suspect that Lord Longford would agree that obstructing Home Rule was the greatest blot on the record of the House of Lords for the past century. They held it up until it was too late. Even poor worried King George V was impelled to agree that it was a great pity Home Rule hadn't taken place.

On the other hand Lord Longford can claim, "the House of Lords today provides the widest selection of views and expert knowledge that can be found in any legislature that I am aware of." I'll bet that is true, the American Senate notwithstanding.

I am sure he is right too – what no one suspects and most people would disbelieve – that the House of Lords is "the most unsnobbish club in the world." Lord Longford should know: he has been a member of it for 40 years, and is a shining example of unsnobbery (too unsnobbish about criminals, too easy-going with them, in my view. Where they have gone to the bad, he has gone to the good).

Lord Longford gives us a lively and reliable account of the development and vicissitudes of this unique institution. As a bonus we have a still more vivacious account from Lady Longford of the comic ritual of the introduction of a new peer, the bobbings and bowings in triplicate, which I should have thought could be dispensed with.

The institution works well enough – even Conservative governments can frequently be defeated there – so why bother to change what works all right? Harold, now Lord, Wilson held clearly that nothing was more "divisive" than House of Lords Reform. Nor more boring, I might add.

A.L. Rowse

A deep-seated love of trains

OFF THE RAILS: MEMOIRS OF A TRAIN ADDICT
by Lisa St Aubin de Teran
Bloomsbury. £13.95, 193 pages

AT FIRST I thought – funny how so many good writers are fond of trains. But then I thought – good writers can be fond of anything, from the luxury of long sentences to the *petit mort* of magnolia-coloured sheets. And then I thought – there *has* to be a connection. And so, of course, there is.

Lisa St Aubin de Teran's first discovery of trains was as a means of truancy, and thus they have remained – irrevocably linked in her mind with the idea of escape. They are vehicles of romance and adventure, a relief from dullness, a promise of glamour, an antidote to temporary insanity, a capsule of life held in suspension.

She observes that many a one before her has stirred to great railway journeys. "But when I say I love trains, I mean I love them all. Not just the wild and wonderful ones . . . (but) the night trains and the day trains and even the little shuttles . . . "

This is not one of those train books that punches you into a coma with timetables and lists and fistfuls of jargon. Rather, it is a dashing slice of autobiography-cum-adventure shot through with many a fine tale of exotic – and often highly odd – experiences on trains.

A fair proportion of the author's fellow travellers appear to fall in love with her: most memorably the young Greek – an apparition with dark gold curls who blushes with embarrassment as the author silently studies him – dorf Express, and who asked her to marry him. (She didn't).

It is in this chapter that Ms St Aubin de Teran really lets her hair down, showing us that her love of trains is genuinely deep-seated, for to love the Dusseldorf Express is truly to love trains.

She likens it to a great articulated gecko in a dusty blue skin, disjointing itself through the night (it starts at Brindisi) and discarding the bits, so that one carriage is shunted off to Copenhagen, another to Amsterdam, another to Spain, to Turkey, to France and to Switzerland, with only the small remaining core eventually finding its way to Dusseldorf.

"At Bologna," she writes, "it waits for an hour, during which time it breaks out of its maggoty chrysalis, emerging into the darkness of Reggio Emilia a fully winged creature to speed its way on through the Alps. I was to leave the train at Bologna. I had to leave the train at Bologna. All the way there, I reminded myself of this, because all the way there . . . I felt myself being swept off my feet" – by this improbable young Greek.

Odd things happen to her on many an eccentric train from here to South America. *She* must be rather odd, in an utterly splendid way. And of course she writes perfectly, producing all the intelligence and sensitivity that have marked her five novels.

In the last lines of *Off the Rails*, she sees herself getting older and older, but probably no wiser, fading with the upholstery of the seats on the Orient Express into a manic old age. *That* is the way to go.

Michael Thompson-Noel

Crime

A VIOLENT END
by Emma Page
Collins £9.95, 200 pages

HOUSE ARREST
by Martin Russell
Collins £9.95, 175 pages

GUILTY PARTY
by Marian Babson
Collins £9.95, 182 pages

DOG'S BODY
by Janet Edmonds
Collins £9.95, 216 pages

THE HOUSE THAT JACK BUILT
by Ed McBain
Hamish Hamilton £11.95, 248 pages

BY DEATH POSSESSED
by Roger Ormerod
Constable £9.95, 191 pages

KAREN BOLAND in *A Violent End* by Emma Page is an orphaned teenager, who has had a troubled adolescence. She tends to make trouble for others, as well; and her disappearance, followed by the discovery of her murder, brings skeletons tumbling from closets. Prying necessarily into soma untidy lives, Chief Inspector Kelsey reconstructs also the brief, but stormy life of Karen herself. The various social levels of a small community are tellingly defined; and a little world of domestic compromise and emotional patchwork is sensitively, implacably bared.

In *House Arrest* by Martin Russell a nasty trio of crooks, posing as roof-menders, victimizes a frail old widow, living alone. One of the louts, in an access of greed, finally kills her. The police take what seems only a desultory interest in the crime; but the widow's enterprising great-niece tracks down the guilty three and, in the process, undergoes a disturbing transformation. Another good example of Russell's brand of homey horror.

Bruised by an unhappy love-affair, the young and attractive American painter Leonora Rice in Marian Babson's *Guilty Party* takes a cottage on a large estate, hoping to get some work done and also to find peace. She does manage to paint a bit, but peace is exactly what she does not find.

Her neighbours constantly invade her privacy and she has hardly settled in when she comes upon a corpse. The murder is hidden behind a thick cloud of gossip, deception, and social manoeuvering. In the end, however, Leonora sorts everything out.

Though Janet Edmonds has published some romances and is the author of the definitive *History and Management of the Alaskan Malamute*, *Dog's Body* is apparently her first thriller; and, it must be said at once, she is off to a good start.

Her novel is not for the squeamish: she pulls no punches about the reality of rabies, and towards the end, there is a scene of appalling bloodiness. But she obviously writes from knowledge, and her expertise transmits conviction also to her narrative. She has created an attractive vet-protagonist; he could profitably make a reappearance.

Alas, in *The House That Jack Built* we are not in the 87th precinct, but in rich and sinful Florida. And the ambience seems to have an effect also on Ed McBain's prose, now more mannered than ever. The plot sprawls untidily; and if you stick with it to the end, the motive is more likely to be inertia than interest.

Roger Ormerod's *By Death Possessed* has a charming *donnée*: a painting thought to be by Granny turns out to be immensely valuable. But there is a whole attic full of paintings. Are they by the master, or by his mistress? Since big money is involved, big crime moves in; and there are some great chases, narrow escapes, plus a nice assortment of dotty walk-ons.

William Weaver

Rodney Hall, author of Kisses of the Enemy

Fiction

Ambitious and futuristic

KISSES OF THE ENEMY
by Rodney Hall
Faber. £12.95, 622 pages

WALKING WOUNDED
by William McIlvanney
Hodder & Stoughton. £10.95, 189 pages

FRIENDS AND INFIDELS
by Michael Carson
Gollancz. £12.95, 254 pages

A BUBBLE GARDEN
by Ursula Holden
Methuen. £11.99, 128 pages

IT IS Australia's year for novels, one way and another. Whether that is because the bicentenary has come and gone, or whether it is because the native literature just happens to be coming of age, is hard to say. What is true, though, is that large, imaginative fiction is just as likely to come from the Antipodes these days as from Hampstead or the purlieus of NW1.

Rodney Hall's new novel, *Kisses of the Enemy*, is a case in point. It is large, in every sense of the word. Ambitious in theme, wide in scope, and with a very considerable cast, it takes a futuristic look at Australia at the beginning of its third century and does not much like what it sees.

The situation is straightforward. Australia has become a republic and has opted out of the Commonwealth. It has gone for Presidential government instead and has elected a simple-minded businessman to the job. He has sold out to the "enemy," in the form of a multinational corporation fronting for the US military-industrial complex. The corporation has offered him New Zealand's south island as an eighth state for Australia, in return for a very considerable foothold on the mainland.

The President grows into the job – literally, for he becomes so heavy that he has to be carried everywhere by eight bearers. He suffers from insomnia, so that Parliament is obliged to sit in the small hours (the Speaker being over-ruled by the absent President at the touch of a button to cut off the microphone). His behaviour becomes increasingly bizarre, not to mention surreal, for the author is giving us a satirical fantasy here, with strong elements of farce and magical symbolism thrown in.

He over-eggs the pudding in places. His style is not always comfortable – there's an occasional feeling of trying too hard, of self-consciously attempting literature with a capital L – but it is a rich novel all the same, shot through with ideas and with plenty to keep readers entertained, so long as they can cope with ghosts at Cabinet meetings and all sorts of unlikely incidents.

William McIlvanney keeps his readers entertained too. His new collection of short stories, *Walking Wounded*, is set entirely in the fictional Scottish town of Graithnock and deals, as the title implies, with the flotsam and jetsam of life, the urban underprivilaged lurching from pub to pub in search of booze, fags, lust – anything to brighten their existence.

They succeed too. There are punch-ups in these stories, gangsters, greyhounds, prison riots, spinsters in exotic underwear, husbands never forgiven for a little indiscretion 30 years ago. There is a woman whose whole life is conducted by answer phone, a youth prepared to give up his job to follow the Scottish football team to Argentina. There are all sorts of people, losers mostly, but cheerfully making the best of thing.

One or two of the stories are little more than character sketches, but most have plenty to say for themselves. The author writes with a clear, direct style, and with great charm and good humour.

Michael Carson's second novel, *Friends and Infidels*, is set in a remote and fictitious town somewhere on the east coast of Arabia, so far away from anywhere that neither the King nor any of his officials has ever visited it, for fear of being attacked by insurgents en route. The place is run more or less in tandem by a homosexual British political agent and a British army officer, in charge of the native levies. The only other whites in the area are a nurse, an American missionary, and a male English schoolteacher, still a virgin, who flies out nervously from London, not knowing what to expect.

This set-up, of course, is straight out of *Black Mischief*. Michael Carson is never going to be as deft as Evelyn Waugh, but his stuff is certainly not bad either. The plot turns on the building of a new road from the capital, and the fear of the two British officials that their influence will be diminished accordingly. Resolving to sabotage the whole project, they embark on a campaign of mayhem and murder, deliberately stirring things up and killing anyone who gets in their way. It's a black comedy, very breezy, sometimes a little silly, but always offbeat, fresh and above all, different.

Ursula Holden's *A Bubble Garden* completes the trilogy begun with *Tin Toys* and *Unicorn Sisters*, and takes place on a run-down estate in Northern Ireland, just after the Second World War. The main character is Bonnie, beautiful teenage step-daughter of the estate's alcoholic owner. Into her life comes Eden, a demobbed spiv, who takes a job as overseer on the estate. The two have met before in fact – in one of the earlier books – and there is a strong feeling here of previous episodes being explained, loose ends tied up. As part of a trilogy, the book may read perfectly well. On its own though, it seems unreal and more than a little contrived.

Nicholas Best

HE'S A GENIUS HE HAS THE KEY TO
$350 MILLION LOCKED IN HIS HEAD
HE'S BEING HUNTED BY THE NAZIS
HE'S ELEVEN YEARS OLD AND THERE'S
ONLY ONE MAN WHO CAN SAVE HIM
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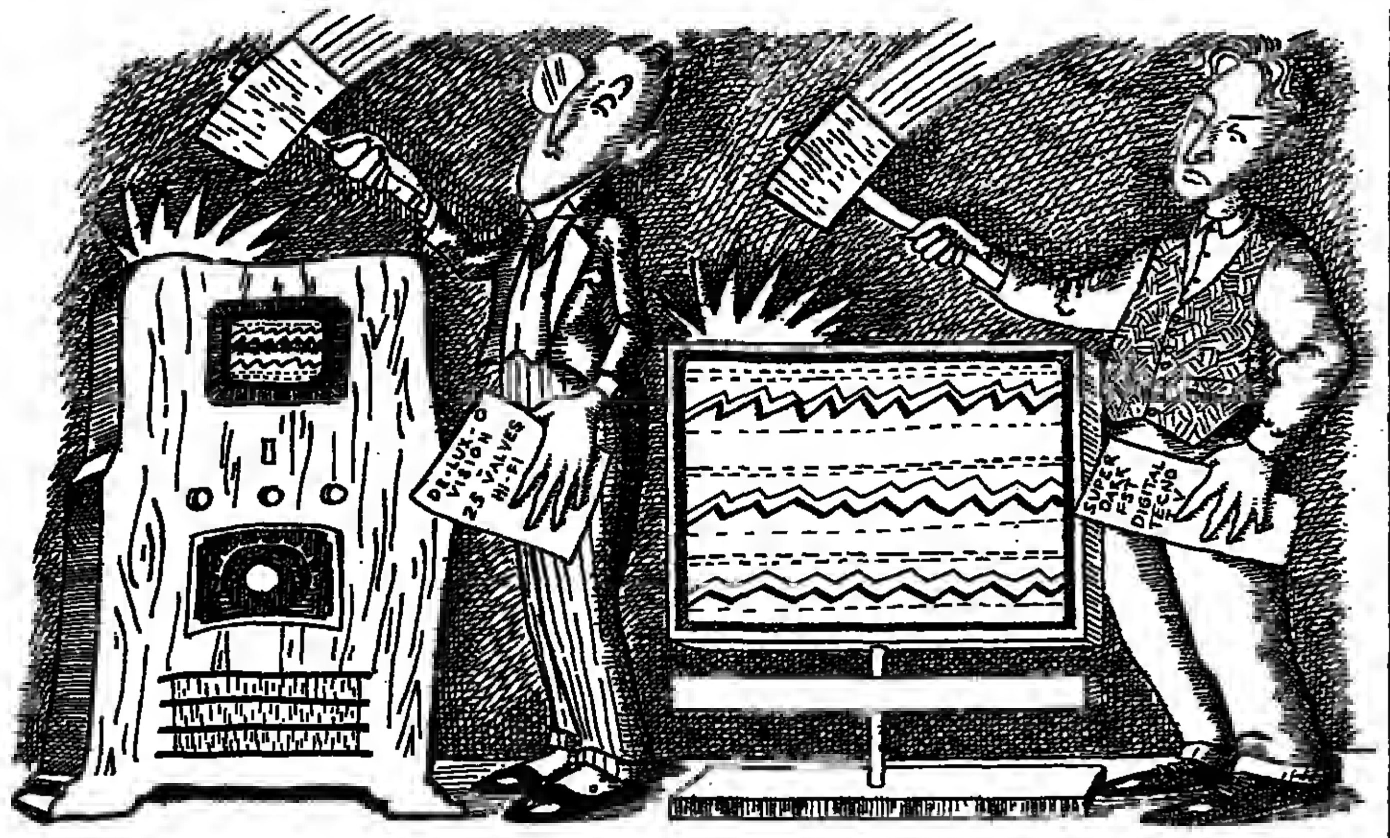

A matter of definition

Last week, *How To Spend It* previewed the imminent arrival of satellite TV in Britain, with emphasis on the promised programmes and hardware. Here, Peter Knight explains what is new (or not) with TV sets

FEEL REASSURED. Your neighbours' new FST television probably gives a poorer picture than the old-fashioned set they threw out.

FST stands for flatter-squarer-tube, a term that should carry a government grammar warning. Although these tubes are marginally flatter and give the impression of being less rounded than traditional versions, FST is primarily a marketing device to sell more television sets.

There is nothing really wrong with that, but what annoys buyers are the little fibs told by the smoother-talking TV salesmen.

They say that you are getting a clearer, better picture. But if you compare old-fashioned tubes with FST versions under conditions a little more scientific than a High Street electrical store, it is quite obvious that technological innovation has led to a worse picture. This applies especially to the outer circumference of the tube, just where they tell you it is better.

Buying a television set used to be so easy. They all looked hideous, took up far too much room and cost too much. But at least you could take the thing home, bung an aerial in the only socket at the back, press the "on" button and select a channel that didn't have Esther Rantzen.

Now, the process is so difficult. Consider this excerpt from a Ferguson brochure: "In a range comprising 51cm and 59cm models, features include new ICC5 chassis, Super Planar Black Matrix picture tubes with anti-reflex screens (59cm models only), Fastext, on-screen graphics and NICAM digital stereo sound." Yes, but does it fly?

Ferguson is not the only one to blame for making choosing a TV set as complicated as buying hi-fi. The technology is advancing quickly, and this allows the sales people to increase the amounts of rubbish they turn out in their desperate attempts to impress bemused customers.

With the dramatic changes in television due over the next few years, it is wise to differentiate between truth and tosh. And this means, unfortunately, understanding some of the technical terms that now accompany the telly.

■ **FST.** Most manufacturers now offer flatter-squarer-tubes, especially on the bigger sets, and the old-fashioned versions are being phased out.

The traditional TV tube is bowed and spherical, much like a flattened goldfish bowl. It had to be this shape because the electron gun within the tube could not fire its magic elements at a tighter angle.

Recently, though, the industry decided that people really wanted a set that looked more like a cinema screen. So they fiddled with the technology and flattened the screen, not altogether but enough to give the desired impression.

The designers have been successful in that viewers *think* they are looking at a rectangle. But a close analysis shows the technology has been tweaked, leaving picture definition no better (and sometimes worse) than the original.

Although FST sets are available generally and will be for some time, the newer models – such as those from Ferguson, Thomson and Bang & Olufsen – will claim to be even flatter and squarer. Tubemaker Videocolor, an Italian company, says it has actually improved rather than tweaked the technology and, therefore, that the picture quality *is* much better.

Ignoring the debate about quality, the main benefit has been for stylists. The ghost of Corbusier, the tower-block man, has come to television styling.

To confuse you a little more, the size of FST sets is given normally in centimetres; 36cm equals 15 inches, 41cm is 17in, 51cm is 21in, 59cm is 24in and 65cm is 27in.

Buying a flatter tube seems sensible if you are going for a big screen and your family does a lot of viewing together, because the person on the outside gets a somewhat better view. But if you are on a tight budget and want something small, buy the cheaper, traditional sets.

■ **Black.** A lot of manufacturers now offer sets that are described as black in some way or other: Sony's Black Trinitron and Ferguson's Black Matrix. This describes the type of coating on the tube.

When switched off, traditional tubes are grey and so-called black tubes are charcoal in colour.

Black tubes give better white/black contrast and, to some people, a clearer picture but the difference is noticeable only if the same test patterns are compared.

■ **Anti-reflective coating.** Watching TV during the day can be irritating because light from the windows is reflected in the glass. The more expensive sets now offer an anti-reflective coating that diffuses the unwanted light and helps to give a clearer picture.

■ ***PIP.** Some sets, such as* those from Sanyo and Philips, offer a feature called picture in a picture (PIP). This allows you to open a little window within the picture and view what's happening on another channel. These PIPs can be useful if you are linking to another source, such as a camera aimed at the front door or one watching the baby. Channel-hoppers find PIP an absolute necessity.

■ **NICAM** etereo (also known as digital stereo sound). Later this year, ITV stations will be transmitting some programmes in stereo using a standard developed originally by the BBC called NICAM. Ordinary stereo TV sets will reproduce stereo from a suitable video recorder, but they will need a special chip to interpret NICAM.

Those with the necessary electronics within their workings are said to have "on-board NICAM." Other stereo sets will have to be adapted to reproduce the broadcasts. Stereo broadcasts from satellite TV will be reproduced by a conventional stereo receiver if the decoder that sits between the dish and the set has the necessary chip.

■ **Peritel, Scart and Eurosockets.** Modern sets have a long, multi-pin socket at the back. Depending on which brand you buy, this is known either as Peritel, Scart or Eurosocket. It's the same thing, although some will be described as "full" or "minimum." The socket takes a maximum of 21 pins, enabling the set to take a feed from video, audio and computer equipment. If you intend to use the set for satellite TV or playing high-quality computer games, then it is wise to check the socket's capabilities.

■ **Fastext.** This is a speedier form of teletext, the written information service available free from the BBC and ITV. Access is controlled by the remote handset and the trend is to make the system easier to use with colour-coded screens and buttons.

The television set *is* fast becoming the centre of the home entertainment and monitoring system. If you are intending to buy an expensive model and want to use it for receiving satellite transmissions and, perhaps, playing computer games, monitoring computerised security systems and watching compact disc videos, then rely on knowledgeable but slow-talking dealers.

Peter Knight is editor of FinTech 2 - Electronic Office.

Fishing

Salmon beats for sale

Angling dreams are up for auction, says Tom Fort

IF YOU are like me, you will have *dreamt* of fishing for salmon on the classic rivers of Scotland and England – dreamt and done nothing much about it. Now there is a chance to realise the dream. The Spey, the Tay, the Dee, the Don, the Tweed, the Avon, the Wye – the names alone cast their spell – are all available, at a price.

The opportunity is offered through the annual postal auction of fishing organised by the Atlantic Salmon Trust, tha charity based at Pitlochry, on the Tay. Many of those most fortunate of mortals, the proprietors of salmon fishing, have donated a day or two, or even a week, to be sold to the highest bidder, with the proceeds going to the Trust. Last year these amounted to £32,000.

Tha list of the donors is headed by the Queen, who is offering a week in March for two rods on the Birkhall beat of the Aberdeenshire Dee, for which the estimate is £350. The Dee is still one of the finest rivers in Scotland and is normally out of bounds to all save the exceptionally well-connected. Yet, in addition to the Balmoral beat, there are three other Dee fishings open to bid.

What of the other great Scottish rivers? There are four lots on the Tay, for which estimates vary between £105 and £520. On the Spey there are half a dozen beats available, headed by three days' fishing for four rods at Lower Pitchroy (estimate £2,000). There is also intriguing fishing offered on the Don, the Deveron, the Nith, the Findhorn, the Conon and several others.

In terms of expense, there is nothing to match the beats on the Tweed, the top three of which carry estimates of £6,000. However, it should be pointed out that for the majority of the Tweed fishing – as well as that on the Wye – the Atlantic Salmon Trust is acting as an agent and will be receiving a commission.

Several major English salmon rivers are represented in the auction, and on the whole they have the advantage of lower costs. For example, a week is available on the Eden at an estimated £100. Two salmon beats are offered on the Dorset Frome (£60 to £75). In the south-west, fishing is to be had on lovely rivers such as the Axe, the Exe, the Fowey and the Tamar. The estimates are as low as £20 a day.

There are temptations, too, for the trout angler – the prospect of fishing waters remote, exclusive or unknown. Why not journey to the Isle of Lewis, where, at an estimated cost of £1,600, fishing may be had for six people for a week on a 100-loch spread of 40,000 acres, with board and lodging on the Soval estate thrown in?

If that seems somewhat large-scale, you might prefer a day on the Cerne, near Dorchester, which is described as a "miniature classic chalk-stream" (estimated £40). Chalk-stream fishing is also available on the Test, the Itchen, the Avon, the Piddle, the Frome, and the Wylye.

It is of course, a truism that booking fishing, and especially salmon fishing, is a perilously uncertain business. Drought, flood, gale, poaching, the innate cussedness of fish – the hazards are too numerous to itemise. The consolation with this auction is that even if the fishing is a disaster, the money at least goes to a good cause.

The Atlantic Salmon Trust was set up just over 20 years ago in response to the multiplicity of dangers threatening the very existence of the salmon. Its task has been to try – through careful research – to provide knowledge on which to base action.

It has tried to occupy neutral ground between angling and commercial netting interests. Pressure to join the angling lobby against the netsmen has, on occasions, been strong. But the Trust has preferred to concentrate on wider aspects of salmon protection – it was, for instance, a driving force behind the establishment of the North Atlantic Salmon Conservation Organisation, which has multi-government backing to fix quotas in the high seas fishing grounds off Greenland and the Faroes.

At present, the Trust is involved in several projects, including the radio tracing of salmon in the Dee and Tay and an investigation into the impact of forestry on rivers. It is also concerned about the continuing, uncontrolled, illegal drift netting of salmon outside the 12-mile limit in Irish waters, and about the expansion of fish farming in Scotland.

The closing date for bids is this coming Wednesday, February 1. They must be addressed to the Atlantic Salmon Trust, Moulin, Pitlochry, Perthshire PH16 5JQ. In view of the short time left, the Trust will give details on 0796-3439.

Pedal power takes off

"THERE'S NOT much to see at the moment," admits John McIntyre. The aircraft on which he is currently working is in pieces and will not be airworthy before April.

There was enough, though, for a paper on its construction to be given at a conference this week at the Royal Aeronautical Society.

With an 80ft wingspan, this craft is at the forefront of air technology, yet it has the same power pack as that used in a prototype by Leonardo da Vinci: human legs. The plane is an HPA, or Human Powered Aircraft.

The Leonardo device would never have flown. Mankind had to wait for centuries until lift-off could be achieved on a bicycle with wings. Before us was the dreadful myth of Icarus who flew too near the sun, fleeing King Minos, melted his wings and became aviation's first casualty.

In the myth, Daedalus carried out the perfect landing. In reality, the Daedalus Project, a reconstruction of the legendary feat over the same island-hopping route, was carried out last year.

All HPAs are fragile, and wind can be dangerous. It is the boast of the prizewinning *Musculaire 2 that it has flown* in winds up to 15 mph. The Daedalus plane cracked up when it hit rough air over the beach.

HPAs can be a death trap. Pilots could wear parachutes, but they would still be at risk until thay climbed high enough for the chute to work.

McIntyre, a one-time aeromodeller, says: "You don't want to fly higher than you can fall. The Daedalus plane was flying over water, and so could go as high as 80ft. Over land, it would be a different story, maybe 30ft, typically 15ft."

The energy consumed by an HPA is equivalent to that needed by a racing cyclist, with one difference: "You can't stop pedalling – the plane then stops flying. There is no freewheeling."

What motivates these grown-up modellers is their obsession with man reaching for the sky under his own power; the excuse is that prizes have been offered since the early days.

The latest aerial philanthropist is Henry Kremer, who has *already parted with £100,000* for the first man-powered Channel crossing. And the latest sum on offer is half that amount, for an aerial marathon, so-called because the course is the *full* 26 miles.

Another Kremer competition, with a prize of £10,000, involves completing a shorter course in six minutes. There is *one additional ingredient:* entrants must take off from, and land on, water.

Just as powered flight has made enormous leaps since the turn of the century, so its unpowered cousin has made vast hops. The Prix Peugeot of 1912 called for a mere one-metre flight at an altitude of 10cm. The cyclist who carried off this award in his winged velocipede was so encouraged that he went on to have a crack at the 10-metre trophy, which took him until 1921. Neither he, nor any mechanical birdman, ever walked off with the third Prix Peugeot, which, until it was withdrawn, called for a soaraway 50 metres.

Prizes aside, what is the point of building bicycles with wings? "The HPA Committee at the Royal Aeronautical Society," says John McIntyre, "hopes that this could become practical enough to be an Olympic sport. The second reason is that, with this expertise, you could build a high-altitude plane that would stay up for a couple of months with very little work" – on the part of its tiny engine, of course, since there would be no need for a latter day Icarus to be stuck in it for eight weeks.

McIntyre has plenty of time for all this. "I'm unemployed really, though I'm working part time at Cambridge University, doing demonstrations. My qualifications are in ship design but all the shipyards have closed down."

He is pleased to have found an area of technology which is truly taking off.

Jonathan Sale

The Asbach Story

It could easily be argued that Ruedesheim is the gateway to that most beautiful part of the River Rhine with its vineyards and castles.

What is beyond dispute is that it is the home of that most sought after German Brandy – Asbach Uralt. For it was here, around the turn of the century that Hugo Asbach founded his world-famous distillery.

It takes five litres of the finest wines to produce one single bottle of Asbach Uralt. What it also takes is the family skill in distilling; the maturing in Limousin oak barrels; and of course the blending, handed down through generations, to create this soft, mellow, golden brandy. The after dinner brandy that isn't just for after dinner.

Discover it in discerning restaurants and off licences, or come and see us here in Ruedesheim from Monday to mid-day Friday for a tasting.

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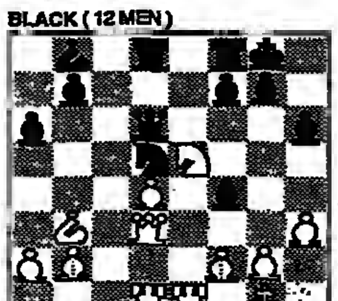
Chess

NIGEL SHORT has won the Foreign & Colonial Hastings tournament for the second year running to maintain his *position as No. 3 chessplayer in* the world after Kasparov and Karpov. He lost only one game and gave the impression of not being fully stretched, despite a strong challenge in the closing rounds from the veteran Korchnoi.

Scores were Short 9/14, Korchnoi 8½, Gulko, Speelman and Smyslov 7½, Kosten and Larsen 6, Chandler (who had to withdraw five rounds from the end because of flu) 4. On the whole, honours between the England olympic silver medallists and the overseas grandmasters, some of whom were at their peak before the English players were born, favoured the veterans. Korchnoi is 57, while Smyslov at 67 continues to defy the years.

Well over half the games were drawn, but there were a couple of strange incidents. Speelman, with a winning position against Short, was surprised by an unexpected knight sacrifice and offered a draw. Short declined – then they both realised that Short's position was still totally lost because of a rook move which *both had missed.*

BLACK (12 MEN)



WHITE (12 MEN)

The other mutual oversight was in this position from Kosten v. Gulko, where the latter went 1 ... P-KN3? and Kosten replied 2 Q-KB3? What he missed is given on the solutions page.

Korchnoi's 22-move loss to Speelman was the quickest win of the event. It may sound a fine performance by our worls semi-finalist, but Korchnoi's comment was "if you play the opening like that in a match with Karpov, you'll lose 6-0". Black's knight manoeuvres took up much time, but Speelman's intention was to induce Korchnoi to overreact and he succeeded. White would have an excellent position with 14 P-QR3, N-R3; 15 N(4)-N5, B-R6; *16 N-R4, but as played his* knights became entangled on the QN file. The key move which Korchnoi missed was the brilliant 20 ... N-B2! when 21 N-N6 is met by P-Q5; 22 BxP, R-K7; 23 QxR, RxB ch and BxN.

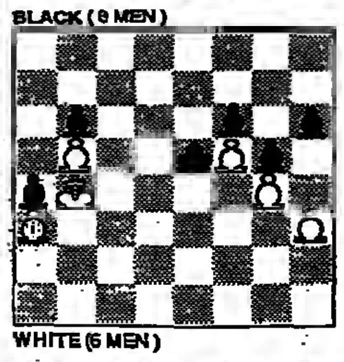
White: V. Korchnoi. Black: J.S. Speelman.
King's Indian Defence (Foreign & Colonial Hastings 1988-9).

1 P-Q4, P-Q3; 2 N-KB3, P-KN3; 3 P-KN3, B-N2; 4 B-N2, N-QB3; 5 O-O, N-B3; 6 P-Q5, N-QN5; 7 P-B4, O-O; 8 N-B3, P-QR4; 9 P-K4, B-N5; 10 B-K3, P-B3; 11 Q-Q2, R-K1; 12 N-Q4, PxP; 13 KPxP, Q-Q2; 14 P-B3? B-R6; 15 BxB, QxB; 16 N-R4, N-Q2; 17 N-N3, P-K3; 18 P-R3, N-R3; 19 NxP, PxP; 20 NxP? N-B2! 21 B-N6, NxB; 22 NxN, QR-N1; 23 Resigns. After 23 N(7)xP, RxN; 24 NxR, RxP White has to surrender his queen for inadequate compensation.

Games like this add weight *to the view that* Speelman's style has become a modern version of the great Emanuel Lasker (world champion 1894-1921) who was celebrated for his ability to reach slightly *inferior but complex* double-edged positions where opponents would lose control.

PROBLEM No. 758

BLACK (6 MEN)



WHITE (6 MEN)

From an Italian postal tournament, 1978. Pawn endgames like this are often a matter of sitting on your hands to keep calm, then counting to see who queens first; but there can also be hidden subtleties. Here Black (to move) has to decide which way to run with his king; how should the game go, and does Black win, draw or lose with best play?

Solution Page XIX

Leonard Barden

Bridge

MY HANDS today are from rubber bridge of very fair standard. We start with an *object* lesson in trump control:

N
♠ K 4
♥ J 9 8 4
♦ 6 5 2
♣ A Q 10 6

W
♠ 10 9 6
♥ Q 6 5 2
♦ A K Q J 8
♣ 7

E
♠ J 8 7 5 3
♥ 7
♦ 9 7 4
♣ 8 5 3 2

S
♠ A Q 2
♥ A K 10 3
♦ 10 3
♣ K J 9 6

With North-South vulnerable, South dealt and opened the bidding with one no trump, West passed happily with his solid diamonds, North introduced a Stayman two clubs, South rebid two hearts and North raised to four.

Disappointed that South was not in three no trumps, but satisfied with the heart contract, West led ace of diamonds and continued with king and queen. Ruffing the queen in hand, declarer cashed ace and king of trumps. When East showed out on the second round, South was in deep trouble. If he did not play another round of trumps, West would make a ruff with his six of hearts and the queen would defeat the contract; should he play his 10, West would win with his queen and force dummy with the knave of *diamonds.*

This would leave him with the one remaining trump – the setting trick. When the declarer ruffs the queen of diamonds, he can see that *11 tricks are cold, provided* that trumps break 3-2. So he assumes that one defender does hold four to the queen and sees whether such a break can be overcome. The light dawns. At trick four he plays his 10 of hearts.

If West wins and leads another diamond, South ruffs with his king, cashes his ace, crosses to the spade king, draws the last trump and claims. If West lets the heart 10 hold, South cashes ace, king of hearts and runs his clubs. West ruffs whenever he pleases, but that is the last *trick for* the defence.

This duck in trumps is an essential safety play.

In the next hand the declarer did not listen to the bidding:

N
♠ A 10 7 4
♥ A 6 3
♦ K 7
♣ 8 4 3 2

W
♠ -
♥ K Q J 10 9 7 4
♦ 10 6 4
♣ K J 7

E
♠ 6 3
♥ 5 2
♦ Q J 9 5 3 2
♣ 10 9 5

S
♠ K Q J 9 8 5 2
♥ 8
♦ A 8
♣ A Q 6

West dealt at game to North-South and made a pre-emptive bid of three hearts. North and East passed, and South reopened with a jump to four spades, announcing a powerful hand. North, scenting a possible slam, bid five hearts and this good bid encouraged South to bid six spades.

West opened with the king of hearts, taken by the ace and the declarer ruffed a heart in hand. He crossed to the 10 of spades, ruffed another heart and drew East'e remaining trump. He cashed ace and king of diamonds, returned a club, and finessed his queen. West won and the slam was lost.

"I did not think a pre-emptive bidder would hold an outside king," said South. "If you had really listened to the bidding," answered North, "you would have made the slam. The opening bid of three hearts is likely to show a seven-card suit, which means that East has only two.

"Ruff one heart, as you did, but then, after you [illegible] East's trump and cashed ace and king of diamonds, return the six of hearts, discarding your six of clubs. West must take and is endplayed. A club runs into your tenace, a red card concedes a ruff discard."

"Of course," said South, "I am sorry."

E.P.C. Cotter

To Advertise on the ARTS and DIVERSIONS pages of the WEEKEND F.T please ring Julia Carrick on 01-[illegible] Alison Hume on 01-[illegible] or Jane Evans Pearlman on 01-[illegible]

HOW TO SPEND IT

Strictly for the wealthy, and serious food lovers, ***Lucia van der Post*** *looks at the ultimate in stoves*

The cult of the cooker

IF YOU are in search of the ultimate cooker and are prepared to pay for whatever that might cost, then I think you should take a look at *La Cornue*. A cult cooker in France, where it is preferred by the serious cook, people like Alain Senderens, chef at Lucas-Carton, Prince Rainier, Yves St. Laurent, and Baron Edmund de Rothschild have installed a La Cornue for their own or their chef's delight. It was, until recently, only available across the channel.

With the arrival of a showroom-cum-shop at 60 Westbourne Grove, *London W2*, they now become more accessible for those for whom nothing but the best is good enough. La Cornue cookers, it should be said at the beginning, will not be for everybody. Firstly, with prices starting at £1,488 and going up to £6,000 they are much, much, mere expensive than almost any other cooker you care to think of. They are high-precision instruments, the cooker for those who really love to cook, for whom the fine workmanship, the carefully-crafted features will be used and appreciated.

La Cornue stoves have much of the AGA's appeal — they are based on the traditional range and look as if they are a source of lovingly-prepared, family-centred meals rather than quick, efficient supplies of minimal fuel. Where they differ from the AGA is that they are also precision instruments — thermostats are exceedingly precise which means heat can be controlled very finely and, on the gas-fired versions, instantaneously.

The burners are very powerful and are designed to professional catering standards. Though originally designed for commercial kitchens, where they still flourish, serious cooks in France came to want them in their homes and since every cooker is made to order (delivery takes about four mouths) they are easily adapted to domestic life. Every La Cornue owner is able to stipulate exactly how many ovens, hotplates, burners, barbecues and other features he would like, what finishes and materials he fancies (vitreous enamel, stainless steel, nickel-plating, bronze, copper) and, of course, the total dimensions that fit the allocated space.

But apart from the finery of its manufacture, you will be wondering what it will do for your cooking. I wish I could say that I had tried it but large cookers are not easy to "borrow" for a trial run so I can only go by reports. Its chief claims to fame are its oven and its hot-plates. The oven, the so-called baker's oven, has an arched roof which cooks say eliminates the problems of evaporation and is the perfect shape for baking while the hotplates respond instantly and sensitively to every command, thus helping particularly in the *making of very fine* sauces.

If you do decide you are interested you can telephone the showroom (01-229-7681) to make an appointment for a full-blown demonstration of its virtues. If and when you decide you would like one there is a whole range of plain or fancy finishes you can choose from.

Before I am inundated with angry AGA-lovers cross at this French impertinence in stepping on their beloved AGA's territory let me say at once that there is no more fervent an admirer of the AGA as symbol of hearth and home than I, but a precision cooking instrument it certainly isn't.

However, AGA fans may be pleased to know that while La Cornue is venturing with its wares this side of the channel an enterprising English couple, Audrey and Bryan Sautelle-Smith, are introducing the joys of the AGA.

From their shop, Ambiance Anglaise at 38, rue des Charmilles, 1203 Genève, they are initiating their customers into the English way of cooking and hope that those who are seeking to move to "a lovely old farmhouse in Gruyère or building a magnificent residence in Gstaad" might consider this "living presence that you warm chilly hands and feet on, that the cat sits on, that airs your ironing and that you may even cook in, unnoticed, while all the rest is going on!"

A place and a time for them both. *Vive la difference!*

Starving isn't the only way

SOME OF YOU I dare say are as thin as you'd like to be, some of you perhaps even thinner. But for the rest of us the battle of the bulge is never over — a little ground is gained, small skirmishes won and then the old enemy reasserts itself and there is nothing for it but a concerted, new attack.

As a battle-scarred campaigner I feel rather the way Mark Twain did about giving up smoking — "It's *easy*," he is reputed to have said, "why, I've done it hundreds of times."

There is, of course, one simple way to keep thin. As Helen Gurley Brown, the editor of American Cosmopolitan put it — "the only way you can stay as skinny as I am at my age is to starve." Not many of us have the strength of mind to keep this up for weeks on end. Much more attractive sounding are two alternative means of keeping the inches at bay, both tried and tested (though not, alas, by me), both emphasising that if you eat plenty of the right foods you can keep-ing going more or less ad infinitum whereas diets that leave you feeling deprived are almost doomed to failure.

Newest, most cosseting of the diets, The Narrow Gauge, is available, alas, only to Londoners. The Narrow Gauge is a new company which has had the bright idea of taking all the thinking, planning, shopping, cooking and worrying out of the whole business — you simply subscribe to the service (for a minimum of two weeks but a suggested optimum starter course of four weeks) and *two* freshly-cooked meals, a two-course lunch and a three-course dinner, are delivered daily, ready to heat and eat.

All the calorie counting, the thinking, the cooking has been done for you. The total calorie count for women's meals are *1,200 a day, for men 1,500*. I haven't tasted the food but the choice certainly sounds better than the usual cottage-cheese and lettuce leaf (without dressing) routine. It might feature, for instance, sole fillets with lemon and prawn glaze, new potatoes and mixed green salad, peach in redcurrant coulis for lunch with vichysoise (sic) soup, teriyaki marinated thinly filet (sic again — spelling does not seem to be their strong point!) steak, rice and *steamed mixed vegetables for* dinner followed by mocca mousse.

The great advantage of the system is that you pay your money (£20 a day — £560 for four weeks) and then provided you eat only the delivered meals plus the few extras allowed you ought to lose weight slowly but steadily. Clearly the service isn't cheap but then neither is a health farm and neither is eating out in restaurants. Anybody interested should contact The Narrow Gauge at Diet Meals, 310 Gardiner House, Broomhill Road, London SW18 4SJQ. Tel 01—877 1234.

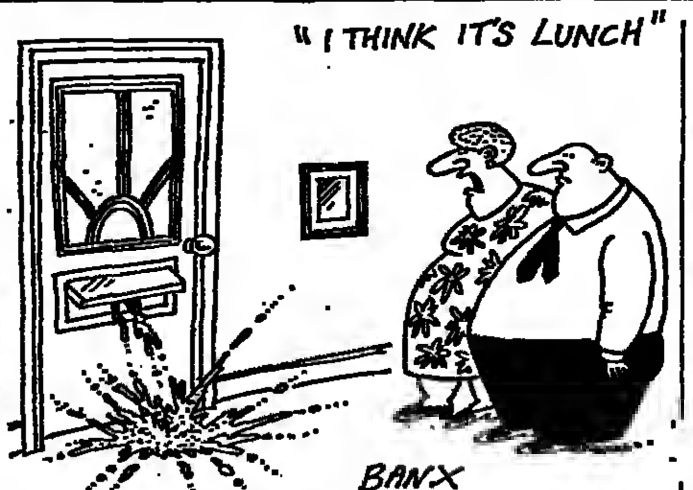
Much, much cheaper is *Rosemary Conley's Complete Hip and Thigh Diet* — for just £2.99 you can buy a nice fat paperback containing her distilled wisdom. It is packed full with words of encouragement, inspiring little stories of these who have succeeded in the dieter's ultimate aim of achieving "goal weight", and tips, hints and recipes.

But her diet really is based on one simple premise — reduce fat intake to a minimum and the inches will take care of themselves. Dearly though I would love to be able to say I, too, had tried it and look at the sylph I am today this would not be truthful so I bring you instead the words of praise of two converted fans.

First of all Dick Pollard, a barrister, whose *wife tells* me that "he'd been overweight for a long time but once he decided to lose weight he found it wasn't a bit difficult to keep to. He just cut out almost all fat but he could eat plenty of vegetables, all with no dressings but with plenty of seasonings and fresh herbs. He lost a stone in a month which he found very encouraging and since then has lost another two stone. On the whole it has stayed off although he put on a bit over Christmas so he is now back on it for a while."

The next fan is Mollie Slack, by her own account a middle-aged wife and mother who works for the NatWest. "I'm on it all the time — once you get used to it, it becomes a way of life. I tried it because I'd had asthma for years and having to take steroids for the asthma meant I kept putting on weight. It wasn't painful at all — you are allowed two alcoholic drinks a day and can eat *as* much bread *and* potatoes as you like. You just have to cut out the fat. Today my asthma has completely disappeared, I have cut out all steroids, I feel fantastic and I've lost three stone. I haven't felt so well for years."

So, there you are — if they can do it, so can you.



Fashion plates

IF YOU have ever had a *particular colour or combination* of colours in mind when searching for china you will know just how difficult it is to find what you want.

Georgina Cooke offers some enchantingly pretty Italian pottery, all of which can be hand-coloured to order. There is a large variety of patterns to choose from ranging from a series of fruit and flower prints to border prints and more classical Italian pottery motifs.

A complete service, including everything from salad bowls, oval platters, soup tureens, egg cups, vegetable dishes, coffee pots and even candlesticks can be bought, though I'm not entirely sure that so much all matching exactly would be a good thing. However, the pottery really is exceptionally charming, the colours rich and inviting and the patterns are all exclusive to George Cooke Interiors.

Prices, given that the hand-colouring service is included, seem to me exceedingly reasonable, ranging as they do from £17.50 for a dinner plate. All the designs are dishwasherproof and a selection can be viewed by appointment at 48 Pembridge Villas, London W11. tel 01-727-0285.

Food for Thought

Puritans chip away at lunch

WHEN I was a young man I could eat — did eat — a good lunch and dinner every day. Many of my happiest hours have been spent at the lunch table.

A whole industry of lunch-providers grew up to satisfy this basic human need. But watch out lunch-lovers: the beastly puritans are at work, sapping away at the institution. Business, we hear, is ruined by lunch; far better to meet your clients for breakfast, if it's work you want to talk about. If you have to relax together, dine or something but cut out all this filthy lunching.

This sits very hard on a paid-up francophile. I worked for long enough in a French provincial restaurant to know that in the kitchen it was for lunch every day that we slaved and capered; hard pounding from twelve 'till two. The evening was not serious business at all.

The menu was the same, the guests nearly as numerous. But it was the lunch on which the place's reputation hung and for which the big effort of the day was made.

Ever since, if it is the best *food I'm after, if I really want* to test a restaurant's mettle, it's lunch I aim for. Mediterranean peoples generally permit themselves a siesta after lunch every day as most British people do on Sundays. So lunch in Britain is likely to get the squeeze from Monday to Friday.

Lunching well is not compatible with a hard afternoon's work. It's not a matter of alcohol only: a large lunch washed down by mineral water is cruelly incapacitating for an hour or two.

If you felt you wanted to give someone a really slap-up meal, would you plan for them a lunch or a dinner? I would say dinner in Britain, lunch in France. I suppose that apart from day-of-the-week questions the answer has something to do with how closely we know our guest.

The niceties of invitations — who gets dinner, who gets lunch — I leave to those more socially adroit than I am. Blundering on the fringes of etiquette I can only observe that among business acquaintances, lunch is routine, dinner is something special. Among one's social friends, dinner bespeaks a certain formality, whereas lunch is more intimate. There are people one would have to lunch in the kitchen, others for whom only the dining room will do.

Sunday lunch is not the same as lunch during the working week: often children are involved and the smartness of the food takes a back seat.

In France whole huge families go out to restaurants for Sunday lunch and sit there whacking through the *specialities*, the *children* wolfing their way through the oysters and langoustines in a manner they would never be allowed in Britain.

"No gentleman ever has soup for luncheon" as we know from Edward VII. However protracted and generous a lunch may be, it is unlikely in present circumstances to have such a long tail as dinner. Nobody has savouries any more but cheese and pudding (in whatever order) and sweeties with the coffee are really a dinner thing nowadays, not a lunch thing.

Some foods lack the formality demanded by the dinner table. Egg dishes and omelettes are very nice at lunchtime but subtly out of place at dinner and so I think is risotto, which is definitely a lunch-time filler. A spoonful of rice here and there is not to be banished from dinner, but risotto, as a dish on its own, does not belong there any more than does rice pudding.

And vice-versa? Are there (apart from soup) dinner things that you wouldn't have for lunch? You may perhaps feel as I do that game really belongs to dinner time. Game has a sort of adults-only quality which perhaps is the real dividing line.

I must quote Keith Waterhouse, who has been at the back of my mind all this time. It comes from his book *The Theory and Practice of Lunch*, which I commend. "Lunch is a celebration, like Easter after the winter. It is a conspiracy. It is a holiday. It is a euphoria made tangible, serendipity given form. Lunch at its lunchiest is the nearest it is possible to get to sheer bliss while remaining vertical." Now why if all this is true of lunch, is it not true of dinner too?

Dinner is never a conspiracy (if it is, you're in trouble). "Dinner at its dinneriest" doesn't have the same ring to it. "Dinner at it dinneriest" conjures up images of creaking white shirtfronts and faces glowing palely in the candlelight. You cannot quite bend dinner to your will in the way you can lunch.

The people who advertise After Eight Mints have created an image of the dinner table — very formal, and old-fashioned, yet very naughty and laid-back, which corresponds very little with dinner-party realities.

Can you imagine anyone, ever, having lunch at Maxim's? I would have supposed it to be out of the question. But Maxim's is open for lunch you know. I suppose you wear a *suit and eat dinner in the* middle of the day. Nobody orders ice-cream and drops it into his boots. Nobody dances on the table: but truth to tell nobody does that in the evening either. Haven't you heard?

Peter Lewis

Cookery

For the Bunter in all of us

THERE WAS a time, or so I am told, when a chap might progress from nursery to New Year's Honours without once missing out on his daily dose of sustaining pudding. It was on the strength of such creations as spotted dick, plum duff and ginger sponge that the British Empire was built and afternoon debates in the House were conducted to the sound of more snores than boos.

Then nutritionists and big business conspired to delete puddings proper from the daily menu. Even gentlemen's clubs, those last great bastions of civilisation, eventually succumbed and the cabinet puddings, Duke of Cambridge tarts and jam roly-polys of the *ancien regime* gradually gave way to an awkward flirtation with nouvelle cuisine.

The fashion for short rations was short-lived. The next "in" thing was heritage, dreadful word, but at least it brought with it a revival of proper pride in some genuinely best of British things, puddings among them. The Billy Bunter litany with its sweet refrain was heard in the corridors of power once again — treacle tart, rice pudding, bailiff's bliss, marmalade pancakes, poor knights of Windsor, apple turnovers, baked chocolate sponge, Bakewell tart, cherry bumpers, Cumberland nickies, banana fritters, Eve's pudding *et al.*

In truth, however, our stamina is not what it was. The patriotic spirit of sweet-toothed fervour may remain strong but the flesh has grown weak. Now *that we live and* work in the molly-coddled comfort of centrally heated buildings, we hardly need the central heating effect of eating old-fashioned puddings so generously fuelled with delicious carbohydrates and fats. A once weekly dose — perhaps on a Sunday evening when it could follow a very light main course — is often enough.

Two of the most highly acclaimed puddings in recent years are Sussex pond and bread and butter pudding. The first, with its brilliant lemon and buttery brown sugar filling, was rescued from relative obscurity by cookery writer Jane Grigson.

Now it has spawned many variations on the theme, some cooks using limes instead of lemon, others employing kumquats. I tend to use bitter Seville oranges at this time of year, roughly chopping the fruit and removing the pips before dropping it into the suetcrust pastry-lined basin. All these variations are successful but the lemony original probably remains the best boiled suet pudding of all time.

Bread and butter pudding owes its renaissance to two of its most ardent admirers, the Prince of Wales and Anton Mosimann, former master chef at the Dorchester (Mosimann's celebrated *soufflé-light version* is served as a preamble to dessert at his new club).

Now anyone who is anyone makes his or her own version, the only commonly agreed rule being to cook the pudding until the crumb is creamily swollen and tender while the crusts sticking out of the custard turn golden and crisp. My own efforts, influenced by Mosimann, include more custard than bread. The custard is scented with cinnamon and the bread is a Lincolnshire loaf studded with raisins.

I despair of British *taste* when I hear of health fanatics who conjure up brown rice and skimmed milk travesties in the name of rice pudding. As all devotees of the real McCoy know the virtues of this most sublimely soothing of puddings depend on the *lavish* use of dairy produce. It is in no way overdoing it to allow ¼pt gold top milk, ¼pt cream and several slivers of good butter to the single scant tablespoon of polished white Carolina rice needed for each serving. A vanilla pod is optional and sugar is unnecessary but I find it hard to resist a dollop of bramble jelly when serving.

The glorious thing about real rice pudding, apart from its taste of course, *is* the utter simplicity of the cooking. Just stir the ingredients together then leave them to cook slowly and gently for several hours until the grain is beautifully tender and the surface liquid forms a crinkly rich crust.

The aptly named queen of *puddings* is another magnificent delicacy with its combination of trembling, bread-thickened custard and home made jam (or better still jelly marmalade) nestling under billowing clouds of marshmallowy soft meringue. Always drooled over by sophisticates, it is, like many of our so-called nursery puddings, far too good to waste on toddlers.

Apple Charlotte also makes imaginative use of stale bread and is one of our best apple puddings. I am lazy about making it as it calls for more effort than *most traditional puddings* I love, but having tasted it again recently I am determined to reinstate it on my menus.

What makes it so good is the contrast of textures: a very smooth apple puree, subtly flavoured with quince (or lemon zest), with most of the moisture driven off, packed into a pudding basin lined with pieces of crustless white bread dipped in melted butter and topped with buttery crisp fried bread. A winter version, if you like, of summer pudding.

Unmoulding the pudding used to make me nervous. The trick, I have discovered, is to let it rest for at least 10 minutes between baking and serving so that it firms up a little and shrinks away slightly from the sides of the basin.

Altogether more hefty, and less well known, is toffee apple pudding, which I learned from writer Mary Norwak, who is a fund of information about traditional country fare.

To make it, first sprinkle thinly sliced dessert apples with a little each of lemon zest, cinnamon, allspice and pale muscavado sugar. Sandwich the mixture between two sheets of suetcrust pastry and pinch the edges firmly all round. Bake the sandwich in a well buttered tin in a fairly hot ovan for about 20 minutes. Then drizzle a few spoonfuls of golden syrup on top and add some demerara sugar. Reduce oven temperature to moderate (350F/180C/gas mark 4) and bake for about 20 minutes more or until the top is like *golden toffee.*

Many people seem to prefer sponge puddings to those made with suetcrust. Certainly I have met few who willingly refuse a slice of steamed sponge generously laced with stem ginger and spices, or with chocolate enlivened with cinnamon, or with sticky-rich and sweet golden syrup tempered with the sharpness of lemon. Gentleman's sponge is less famous but just as good and deserves a wider audience.

To make it, first cream together ¼lb each softened butter and pale muscavado sugar. When pale and fluffy, beat in 1 teaspoon ground cinnamon, the finely grated zest of an orange and 4 tablespoons best apricot jam. Add ¼lb fresh cake crumbs or bread crumbs (it's the use of crumbs instead of flour that gives this pudding its lovely texture) and 2 lightly beaten eggs, adding them in alternate spoonfuls and taking care to keep the mixture creamy and light. Finally, *mix in* ¼ teaspoon bicarbonate of soda dissolved in 1 teaspoon warm water.

Turn the mixture into a buttered pudding basin of 1½-2 pt capacity. Cover the basin with buttered and pleated foil. Tie securely with string under the rim. Then make a big loop of string across the top of the basin to use as a handle so you won't get scalded when lifting the pudding in and out of the pan. Steam for 1½-1¾ hours, topping up the boiling water as necessary. Let the cooked pudding rest briefly. Then loosen it with a palette knife, put a hot plate over the basin and invert. Put the pudding, still covered by the basin, in a low oven for 15 minutes or so before serving.

Serve with whipped cream, *crème fraîche* or home-made custard scented with cinnamon, and/or an apricot sauce made by thinning sieved apricot jam with a little orange juice, adding a pinch of cinnamon and warming gently.

Mark you, we need a bit of wintry weather to warrant tucking into some of the puddings I've mentioned here. My next column will give recipes for puddings that are lighter. Some of the best of these call for Seville oranges so be sure to *get a few pounds extra when* buying what you need for marmalade making.

Philippa Davenport

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What price to save our heritage?

Turner's "Folkestone" will probably leave the country. Antony Thorncroft reports

Detail from Benjamin West's portrait of Joseph Banks

THE MOST expensive British work of art to reach the market seems destined to leave the country. The owner of Turner's "Seascape Folkestone" has applied for an export licence. The Reviewing Committee on the Export of Works of Art has made a vainglorious attempt to keep it in the UK by putting a six month stop on its removal, but the chance of any British gallery or museum launching a campaign to match the price of the Turner – £20m – is minimal.

The total resources of the National Heritage Fund, the first line of defence of the nation's heritage, is currently £12m, while the collective annual purchasing grants of all the national museums and galleries comes to around the same sum. The cause is hopeless before it begins.

Of course there are hundreds of fine Turners in the Tate alone, but Folkestone has a special place in the nation's art history. It was owned by Lord Clark, the former director of the National Gallery, and his heirs sold it at Sotheby's in 1984 for a record £7.3m. Everyone expected an export licence to be applied for then, but there was a strange silence. Now the mysterious owner has made his move. He had asked for the market price to be kept secret: but insiders place it at £20m, an amazingly high sum, and way over twice the price that any Turner has achieved at auction.

If the fight for the Turner is already lost (although Timothy Clifford, of the National Gallery of Scotland, may raise the banner since it was recently on loan there) attention can concentrate on another important picture under export threat. A portrait of Joseph Banks, the great 18th century Botanist and travelling companion of Captain Cook, by Benjamin West was sold at Sotheby's in March 1987 for £1,815,000.

An export licence has been applied for, probably on behalf of Mr Alan Bond, the Australian industrialist. The price has jumped by over £100,000, to £1,922,250, but the art gallery at Lincoln, where Banks was born and bred, has bravely launched an appeal and local enthusiasm is great. Since the sum must be raised by midnight on June 1 any Lincoln cash will have to be matched by a generous contribution from the Heritage Fund and from other bodies, like the National Art Collections Fund.

It is possible that a joint deal might be arranged, with Lincoln sharing the portrait with another contributing institution, such as the National Portrait Gallery. By a pooling of resources the most important painting threatened with export last year, Poussin's "The finding of Moses," for which the Getty Museum in Malibu was prepared to pay £7.25m, was miraculously saved for the nation, to be shared between the National Gallery in London and the National Museum of Wales.

The sudden spate of activity over the Banks, and perhaps the Turner, comes after a quiet period for the Reviewing Committee. In 1987-88 the Committee examined thirty works of art which museum experts thought should be kept in the UK, but there were only seven applications in the last six months of that year. This lower work load has continued into 1988-89.

What is happening? Have the British become that much richer so that they can out-bid foreigners for the national masterpieces? Perhaps, a bit. Has the relative weakness of the dollar put off American buying? Perhaps, a little. Or are the museum experts that undertake the initial sifting process so disillusioned with the whole export procedure, and so aware that their museum purchasing grants are quite inadequate to make a realistic defence of treasures, that they have stopped bothering to refer objects to the Committee? That is possible too.

The so called Waverley Rules that cover the export of works of art have been in force now for almost forty years. Are they still adequate; could they be strengthened; do they favour the exporter at the expense of the national heritage? These are questions to be considered next week.

THE SOLDIERS OF THE GOVERNOR

A page from The Four Gospels, using Gill's Golden Cockerel alphabet

A clever wheeze

Antony Thorncroft describes how the Arts Council's Incentive scheme works

LAST WEEK the secretary general of the Arts Council, Luke Rittner, was discovered in the back streets of Sheffield giving a cheque for £250,000 to Adrian Vinken of the Leadmill, a local arts centre. It was the first public exposure for the Arts Council's Incentive scheme under which arts companies that come up with clever wheezes on how they could operate more effectively, if only they had more cash, can receive *half* the money they need for the experiment from the Arts Council.

Of course the whole ceremony was bogus. The Council is not quite so trusting as to hand over such a substantial sum at one go. The Leadmill will get £125,000 at the end of March and the remainder over the next two years if it can prove it is using the money wisely.

The Incentive scheme was a smart move by the Arts Council to squeeze more money from the Minister for the Arts, Richard Luce, on top of its annual subsidy. Luce is all in favour of arts companies standing on their own financial feet and he in turn managed to persuade the Treasury to cough up an extra £12.5m over three years for distribution by the Arts Council to arts groups that showed the right entrepreneurial spirit. Two hundred and sixty organisations applied for the first tranche of £3.5m and around 50 will hear within the next few weeks that they have succeeded with their pleas.

Six awards have been confirmed to date and they provide fascinating data on the the type of boot straps that the arts world thinks it should pull up. The Leadmill has been a great success since it opened in 1982, but it cannot raise capital for expansion because it possesses no assets. It will sink its money into a £1.5m project (half funded by the European Commission) to transform one of the few decent industrial buildings left in Sheffield, the dilapidated, late Georgian, Globe cutlery factory, into a working museum of the cutlery trade, renting out space to commercial craftsmen. As a freeholder and landlord the Leadmill will then be able to borrow money from the banks to fund an extension to its adjacent premises.

One other arts company has attracted the full £250,000 – the Royal Shakespeare Company. Its decision to sign up actors on one rather than two year contracts was largely a response to the actors' reluctance to be tied down for so long, but the new contract has also enabled the RSC to streamline its productions and provide it with the flexibility to quickly withdraw box office disasters from the repertory and give more exposure to hits. This investment in efficiency, together with a plan to raise more cash from City sponsors, earned it an award.

Aldeburgh is to receive £164,665 to help finance capital works at its Snape Maltings concert hall, which will provide better entertainment facilities for the all important sponsors. In addition it is upgrading its computer to ensure efficient mailing shots. Cumbernauld Theatre in Scotland will use £32,000 to employ a marketing and sponsorship expert whose task will be to drum up cash from local business, while in Edinburgh the 369 Gallery's award of £56,730 will pay for a chief executive, allowing the founding management to concentrate on the art side. Finally Arvon, the literary workshop project in Yorkshire, is investing its £35,000 in the purchase of its freehold, thus ensuring a secure financial future.

Of course the successful applicants have dressed up their pleas for pounds in impressive language. Improved restaurant facilities; more efficient computer systems; the employment of marketing staff, etc, are not ends in themselves. They are stepping stones towards the theatre company being able to mount more imaginative plays; the orchestra to commission new works; the art gallery to present better researched exhibitions. The overall aim is to generate income and thus enable the arts to flourish.

Only time can tell whether the Incentive scheme is anything more than a device to secure additional cash from the Government over a three year period when the Arts Council's fixed grant will decline in real terms because inflation is certain to exceed forecast. It is doubtful whether the Arts Council will withhold any future monies from approved award winners. Its main problem will be to share the limited extra resources out adequately.

Most of the big companies (Covent Garden, National Theatre, ENO, as well as the London orchestras), have all applied for £250,000. Obviously, with £3.5m available and almost £800,000 already allocated on just six clients, many hopefuls will be disappointed, or have their award trimmed down. But there is always next year, when £4m is up for grabs. Any successful recipient in 1989 will have to wait for four years to apply again so, in time, most of the Arts Council's medium and large clients should receive something. The City of Birmingham Symphony Orchestra is just one prestigious company that has decided to wait a year before applying.

Occasionally a small client will strike it rich. The Watermill Theatre outside Newbury gets only £2,000 from its regional arts association, but it is believed to be in line for £30,000 when a large batch of awards is announced next month. There is nothing to stop a tiny poetry co-operative applying for the minimum award of £5,000 to pay for a desk top publishing unit.

The Incentive scheme is a sign of the times rather than a stimulant for change. Most arts organisations have responded to the political climate and successfully increased their income from box office and sponsorship and cut their costs by increased efficiency, and have seen their dependence on subsidy decline as a percentage of income. Rather surprisingly many are enjoying the bracing experience. The Incentive scheme is really rewarding those who are already surviving effectively in the market place.

Eric Gill: a very catholic taste

David Pryce-Jones reviews a new biography

ERIC GILL left his mark as a fine typographer and letter-cutter. As a sculptor and artist on a larger scale, he was repetitive, with something blunt and coarse in the work which repels. His writings reminded D.H. Lawrence, a somewhat similar character, of a man banging his fist down in a pub. Converting to Catholicism, Gill attracted a circle of like-minded friends, for whom the practice of their art and the glory of God were supposed to be one and the same thing.

In theory, it was admirable to gather in such communities, of which there three in succession between the wars. In practice, Gill broke them apart and stamped out whatever influence they might have had, quarrelling with anyone who had the spirit to stand up to him, riding roughshod over the meek. Even his son-in-law was obliged by contract to address him as Master.

Comically earnest in manner, Gill grew a fierce red beard, affected sandals and a smock, insisted on home-made bread, and adopted pretty well all the fads and illusions of his time, from peace pledges to a belief that nudity and even stallions' urine were morally improving. He also spoke in a tiresome, mock-slang all his own, as when defending a lewd figure of Christ, "God won't spill it, me and the Pope are pals." Here was a caricature *ad absurdam* of everything that gives art and artists a bad name.

A non-conformist upbringing may explain much. His father had been a minister in the Countess of Huntingdon's Connection, that eccentric sect which loved to seek out sin. Gill grew up with a very simple aversion to industrial society, so that eventually his aesthetic and religious instincts came to be indistinguishable from fear and hate for everything around him. As a young man, he gravitated to William Morris, and the arts and crafts movement, all eager to return to a past which had never existed. Medieval and Catholic England had been less of a community, far harsher and more stratified, than any industrial city. Although Gill had as a patron the cosmopolitan Count Kessler, and had also spent some holidays in a charming little town in the Pyrenees, he knew hardly anything of art, society or history beyond his own parochial tradition.

Previous books about Gill have been partisan, either by Catholics anxious to defend one of the faith, or by apologists claiming that egoistic or ugly behaviour is the privilege of the artist. Fiona MacCarthy has certainly given a truer portrayal in that she has been the *first to make full use of Gill's* private diaries which were an embarrassment to other writers.

ERIC GILL
By Fiona MacCarthy
Faber, £17.50. 338 pages

From these diaries, she reveals that Gill committed life-long incest with his sisters, bestiality with his dog, sexually abused his daughters, seduced his friends' wives, enjoyed *ménages à trois*, and kept two or even three concurrent mistresses under the eye of a wife who had little choice but to condone. All this while calling himself a lay Dominican brother, and compelling everyone within reach to attend morning, noon and evening Mass.

Perhaps only a great novelist could do justice to someone so destructive, yet so unctuous. Fiona MacCarthy has instead swallowed the claptrap of the day as easily as Gill once did. Incest, she remarks, is more common than supposed, and therefore not absolutely shocking, while bestiality may merely "strike one as bizarre." A summary like "As Gill had always been interested in love, so he had always been interested in the left" is a sample of her powers of analysis.

As though realising that unqualified approval is not the be-all-and-end-all of biography, Fiona MacCarthy has a confusing habit of advancing propositions only to withdraw them. When Gill had a nervous collapse, for example, she writes that he was never really well again, only to say a few pages later that this illness was a stimulus rather than a setback. Another special effect is to pile up words that cancel each other out, as when Gill is found to argue "gently, [illegible]ingly, alarmingly" that our [illegible] organs are our flowers.

Taken as a whole, [illegible] this treatment puts paid to [illegible] idea that Gill might have [illegible] either loveable or great.

Baroque in the land of Luther

VIENNA'S Kunsthistorisches Museum hosts a magnificent exhibition devoted to the art and culture at the court of Emperor Rudolph II – Prague around 1600 (reviewed on December 24). Much less noticed is a comparable but far more modest loan exhibition at the Künstlerhaus (until February 26). Here the focus is the Dresden of Augustus II and Augustus III, Electors of Saxony and Kings of Poland, which witnessed a flowering of Catholic art and patronage. Full-blown Baroque bloomed in the land of Luther.

It is a fascinating period. Augustus II converted to Catholicism in 1697, but did not compel his subjects to follow him. He did not build a new Catholic cathedral in Dresden, despite papal entreaties; it fell to his more fervent son, and his wife, to fulfil the Pope's wishes. The construction of his neo-Baroque Catholic cathedral is commemorated here by a series of luminous topographical views of the city by Bernardo Bellotto. Dresden was being transformed into a Florence on the Elbe.

The show brings together sacred works of art produced during this period of tolerance by artists of both persuasions. Saxon-Polish art became markedly international. Native painters were encouraged to travel. French and Italian artists were lured to Dresden. Under Augustus III, French influence diminished: his taste was more for the Italianate classicism of Anton Raphael Mengs, and the two Renaissance masters after whom the painter was named, Correggio and Raphael.

Visually, the premise of the show seems almost an excuse to bring to Vienna three great works of art from the Dresden collection. Outstanding among the 42 paintings is the series of *Seven Sacraments*, the masterpiece of the Bolognese genre painter, Giuseppe Maria Crespi (in the royal collection by 1747). The series could not be more different in spirit or realisation from Poussin's more famous treatment of this rarely painted subject.

Neither lofty nor archaeologising, Crespi depicts the Holy Rites of Baptism, Communion, Matrimony, Ordination, Confession, and Extreme Unction, with a compelling naturalism. The protagonists of each sober, sombre scene only half emerge from the gloom, their faces rapt and frozen. The priest's white vestments, freely painted into Fortuny-style crinkles, absorbs what light there is: Crespi's use of white pigment is little short of miraculous.

The centrepiece of the exhibition is Balthasar Permoser's life size marble, *Flagellated Christ*. Our sense of His agony is heightened by the diagonal veins – black lashes – in the pinkish marble. Executed in 1721 for Augustus II's new Catholic court chapel, the statue stands here in a faux-marble niche. Lining the colonnade leading up to it is containing the third triumph of the show, the "Albani garniture." These blanc de chine figurines of the Apostles, dramatically engulfed in swirling drapery, are the confections of Meissen's most inspired modeller, J.J. Kändler.

Altogether, Kändler is represented by 25 figurines and busts, none more spectacular than the virtuoso nine-figure group depicting the *Death of St Francis Xavier*. These form part of the exhibition "treasury," along with devotional miniatures, ivories, vestments, and jewell-studded reliquaries and house altars.

The burgeoning Saxon-Polish style was not to take root. Prussia defeated both Saxony and Catholicism in the Seven Years' War, shattering the Saxon/Polish union.

Susan Moore

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Saatchi show in Milan

THE LAST time Milan's 16th-century Palazzo delle Stelline hosted a major art event was in 1987, when Andy Warhol exhibited his "Last Supper" paintings just weeks before his death.

The Palazzo has now transformed itself once again into a cross-cultural centre with the "Saatchi & Saatchi Premio for Young Artists in Italy," together with the awarding of prizes worth a total of L30m (£12,600) to unknown artists.

The Saatchi prize show (until February 15) may well be the most unusual art event of the season in Milan. It is as much an "art event" as an exhibition because of the enormous press and interest it has generated. This is not surprising given the weak contemporary market in Italy that offers little support to young artists. What is a surprise is that a democratic, juried competition has survived in the midst of a rather autocratic Italian "art mafia."

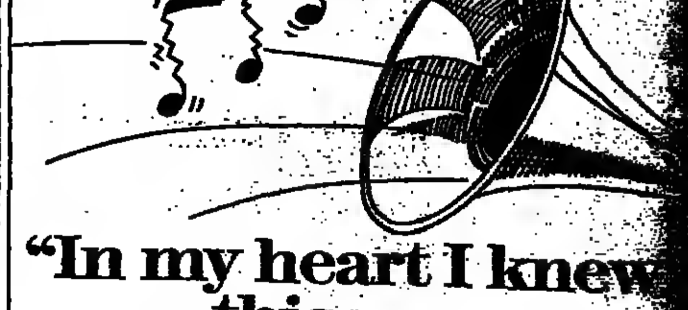
The Premio was conceived in 1987 by Roberto Lasagna, managing director of the British advertising group's Italian subsidiary, to bring "into Italy what the Saatchis have done for contemporary art in the UK and the US." The Premio's guidelines were that each artist must be between the ages of 18 and 35, work with either painting or sculpture, be resident in Italy and not have had more than two one-person shows.

The prize, gold coins worth L10m each for three winners, was awarded to three Italians – Gabriele di Matteo, Sergio Fermariello and Carlo Ferraris. Honourable mention was given to three sculptors: Christine Brandi, a German, Umberto Cavenago, an Italian, and Nobuko Maeyama, a Japanese.

The diversity of the works in the Premio is surprising, and has resulted in what is perhaps the most interesting group show to date of this particular generation. Of the 40 artists exhibited, 26 are sculptors and 14 painters. Nine are foreigners living in Italy and eight are women, and as one jury member remarked: "This would never have happened in Italy if the slides had not been anonymous."

The styles cover a vast range of influences from expressionism to Arte Povera, Italian "metafisica" and craft, and what is currently termed the "international style," which relies heavily on the New York art scene as well as a distinctive postmodern pastiche.

Shaun Caley



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ARTS

Consider the world . . .

William Packer reviews Leonardo da Vinci at the Hayward Gallery

TO CERTAIN of my schoolmasters, Leonardo da Vinci was without question the greatest artist who had ever lived, standing with his near contemporaries, Raphael and Michaelangelo, at the high point of the Renaissance.

Can we be so sure today? Fashions change and interests shift; but Leonardo's hold on the popular imagination seems no less secure. The tourists still mob the Mona Lisa, remote behind her transparent shield in the Louvre, while treating the great Titians and Veroneses a yard or two away with the scantest curiosity.

Walter Pater's lambent images still *flicker* potently in the imagination: "Set it for a moment beside one of those white Greek goddesses or beautiful women of antiquity, and how would they be troubled by *this* beauty, into which the soul with all its maladies has passed . . . She is older than the rocks among which she sits; like the vampire, she has been dead many times, and learned the secrets of the grave . . . and all this has been to her but as the sound of lyres and flutes, and lives only in the delicacy with which it has moulded the changing lineaments, and tinged the eyelids and the hands."

The myth of the inscrutable artist, rare in his performance and perfect in his accomplishment, is powerful indeed and Leonardo evidently touches the spot. Add to this the scope of his interests, the originality of his scientific enquiries and the fecundity of his mechanical *invention, and, artist or whatever* it is we care to call him, we have the very type and genius of humane Renaissance Man. A Leonardo exhibition must always be a notable event and *Leonardo da Vinci – Artist: Scientist: Inventor*, now at the Hayward Gallery nf the South Bank Centre (until April 16: sponsored by IBM UK) is no less than remarkable.

Taking as their text that: "For Leonardo drawing was the foundation of all arts and sciences," the selectors, Professor Martin Kemp, of St Andrew's University, and Jane Roberts, Curator of the Print Room in the Royal Library at Windsor, have made drawing the substance of the show, some 119 drawings of which 88 *are from the Royal Collection*, many of them not shown.

But the more obviously spectacular and immediately intriguing element is the group of large working models, of cranks, pulleys and turn-tables, buildings that were never built, even the prototype of the tank, all made true to the spirit and as close as possible to Leonardo's theoretical proposals. The visitor leaves the exhibition with the full-scale interpretation of the great flying machine hung high above him, wondering only how close that fertile mind might have come to the modern hang-glider, had it not been fixed so long on the literal model of the bird and the movable wing.

The other applied element in the *show is the particular* contribution of IBM, which used its computers to analyse and project a number of Leonardo's schemes and mathematical tovestigations. In the case of the *Last Supper*, at Santa Maria delle Grazie in Milan, in which the physical space is continned by implicatinn beyond the wall of the Refectory into the work itself, the alignment of the building is related to the pictorial perspective, to show those of us who had not suspected as much the wicked subtlety of Leonardo's bending of the rules.

But the drawings are the heart, and indeed the soul, of the exhibition, bringing us so close to sharing in the artist's direct experience and excitement in the visible world. "The eye is the commander nf astronomy; it makes cosmography; it guides and rectifies all the human arts . . . " and there is his mark upon the page before our own eyes, as *he registers his immediate* response to what he himself is seeing, thinking, and feeling.

The whole world is there for the curious mind to consider, with no hierarchy of importance, nor any sense of inconsistency or contradiction as its attention shifts from mathematics to anatomy to botany and geography and back again.

Such universality of enquiry is the whole point. It was always Professor Kemp's intention to break open the conventional categories into which it is so easy to confine our study of Leonardo – now the artist, now the scientist, now the *inventor. Rather it is the artist* who is the scientist, the inventor who is the artist, whom he wished to celebrate, and in this he and Miss Roberts have admirably succeeded.

The show begins with a brief chronology of the life and technical repertoire in a run of some 20 drawings. From that point the cross-reference, both of time and interest, is everything. Thus we continue through The Ages of Man, The Natural World, the Bodies of Earth & Man, The Vortex, The Forces of Destruction, Art & Imagination, The Measuring Eye, Structure and Mechanism.

And how surprising, yet obvious, are the associations, no matter that the relevance be intuitive or direct. The Vortex is alike manifest in the eddying stream, the swirling growth of the Star of Bethlehem, the loose folds of a sleeve and the curl of the coif on the head of a girl. How alike is the flow of water down a great river, with its branching tributariee, to the flow of sap through the tree and blood through the body.

Bnt finally it is the artist who comes through, for it is perhaps nnly the true artist (though who knows but he may call himself scientist) who has the sensibility to sustain the universal vision. And it is Leonardo the great artist whom we see in these beautiful and excitingly nbseseive things, and so many of them too – the mops that are drawn with nn less an expressive energy and enthusiasm than the studies of the opened figure, the plants that are drawn with the tender attention of a lover. The subject of the great artist, sensible of his mortality, is always, at heart, life itself – and every page of Leonardo's crackles with life.

"Leda" (c. 1506-8). Pen & brown ink over black chalk

The flying machine made for the South Bank show: true to the spirit of Leonardo's drawings

Records

Operas in inverted commas

SOME INVERTED commas mark something quoted, or cited, in a new context: within Strauss's *Ariadne auf Naxos* there is an "opera seria" of the same title, juxtaposed with some "commedia dell'arte," and introduced by a (stage) real-life Prologue which itself recalls Molière's *Bourgeois gentilhomme*. Other inverted commas are scare-quotes (or "scare-quotes," should you dislike that label): Stockhausen's *Samstag* is an "opera."

The new digital *Ariadne* – preceded last year by James Levine's performance for EMI – is fairly resplendent, in its upmarket modern terms: famous singers renowned for their artistic integrity, a conductor to match (the seasoned Kurt Masur), serious intentions all round. All of it is sound as well as sonorous, much of it solidly impressive, the best of it breathtaking. I made all our Christmas visitors listen to Edita Gruberova's *tour de force* in Zerbinetta's showpiece-aria (disc 2, track 2), and they were properly dazzled. In its own terms (modern, upmarket) the whole performance is a consistent pleasure.

Why the implied reservations? Well, at bottom they reduce to two: the sheer weight and scale of the voices, and concomitantly the style of dramatic address. In its first (and best) version, *Ariadne* the opera-within-a-play was an inspired *jeu d'esprit* and a *pièce d'occasion*. Hofmannsthal thought it up as a satirical-operatic finale for a straight *Bourgeois gentilhomme*, the joke being to subvert the lofty ideals of *opera seria* with a *down-to-earth* vaudeville commentary. Both of those veins appealed to Strauss, and also the unaccustomed challenge of writing for a modest pit-band which a playhouse could accommodate.

But the most marketable voices for recording are of course the most famous ones; and nowadays those are, paradoxically, the voices who can fill the largest halls without electronic aids. The result here is that we get an Ariadne, a coloratura Zerbinetta and a Composer (the mezzo breeches-role in the Prologue) who are all Wagner-sized. Gruberova's Zerbinetta comes off best; heftily efficient and mostly cool to the comic ensembles, she limns her grand *scena* with amazing control, variety and sexy wit. (The recording also captures irrelevant gasps for breath that you wouldn't hear in the opera house.)

Richard Strauss: Ariadne auf Naxos. Norman, Frey, Gruberova, Varady, Fischer-Dieskau, Baer; Leipzig Gewandhaus/Masur (piano Oertel). Philips 422 084-2 (two CDs, also on LPs and cassettes)

Karlheinz Stockhausen: Samstag, from *Licht*. Hölle; solo instruments, various ensembles, Händel Collegium Köln, electronic projection Stockhausen. DG 423 596-2 (four CDs)

Jessye Norman's richly fervent heroine – satisfying to hear, no question – is too nearly a *Brünnhilde* to represent Ariadne's starry-eyed vulnerability, and the essential soaring *legato* is compromised throughout by her sedulous German consonants: almost every word sounds specially emphasised. (She manages these things better in French.) The tenor Paul Frey is more than acceptable as Bacchus. Julia Varady turns the Composer – originally conceived as an excitable young Mozart, on the lines of his own Cherubino – into someone more like Fricka, an overbearing dramatic soprano: wrong gender and wrong generation, despite some lovely passages of revery. Fischer-Dieskan offers a warm-blooded Music Master, and the trio of nymphs is fine. Olaf Baer's suave Harlequin treats his tender serenade almost as an impersonal concert-piece; the other comedians are expert, though never spontaneous (and they include an acid high tenor). Masur cultivates their orchestral music as warmly and sumptuously as the rest of the score: one would scarcely guess at Strauss's deliberately reduced band.

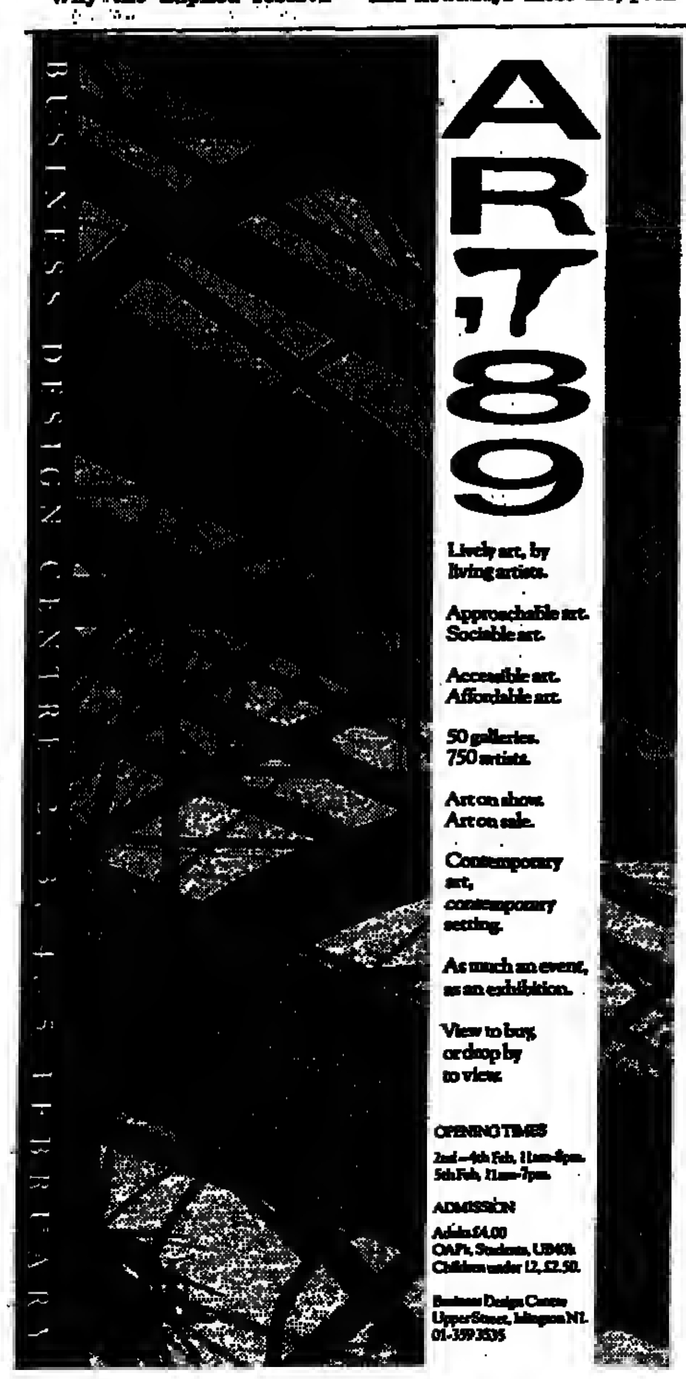
For once, I wish the joke-mnsic sounded tackier and more racketty, though it does go with some *Schwung*. My ideal performance would have lighter, brighter, more flexible voices, and an overall style to *match – but such a thing isn't likely these days to turn up on* record.

Samstag is the "Saturday" npera from Stockhausen's ongoing days-of the-week cycle *Licht*, and the second to have reached the stage – or rather *the Palazzo dello Sport in* Milan. Again the theatrical conception is indulgently jolly and utterly cranky, and it is even more a scare-qnotes-"opera" than *Donnerstag* or *Montag*. The fnrmer was at least recognisable as a surreal boy-growing-up story, and the latter a celebration of the moon-goddess-mother; but here the central role of Lucifer gives Matthias Hölle precious little to do, and seems marginal to the stage japes.

The only other voices are those of the 13 X 3 monks in the last scene. Again there are solo parts for Stockhausen children and a lady friend (young Marjella and Markus on piano and piccolo trumpet, flautist Kathinka Pasveer). In fact most of the score is cobbled together from pre-existing concert pieces, though the composer wnuld dnubtless retort that they were all strictly conceived as part of the Grand Plan: the Piano Piece XIII, a long flute fantasy with percussion, a linked, intricate series of quirky dances for winds, an uneventful cantata on the "Hymn to the Virtues" of St. Francis – all subject to electronic manipulation

A preludial brass "Saturday Greeting" is pungently original, and Pasveer does ravishing things with her flute. During much of the rest, you wish you could see what was going nn, bnt suspect it wnuldn't help. Four CDs' worth of this goes a very long way.

David Murray



A domestic scale Othello

THE DARKNESS within the hnge gilded frame lights up to reveal four box-like rooms, isolated images of Hopper-like nocturnal loneliness. A woman plays a Roy Orbison record. A soldier adjusts his battledress. A couple embrace. Downstage a khaki-clad military figure watches this doll's house cross-section as it fades into blackness again. It is Iago.

The Dukes Playhouse, Lancaster, has staged a modern-dress, – well, 1960s – *Othello*. Taking the Terry Hands RSC line, director Ian Forrest sees it as a small-scale domestic tragedy. It might be an Agatha Christie thriller: a tense little group thrown abrasively together, stranded on an island. Acted out to conversational tones, the plot emerges with unremitting narrative grip and spell-binding clarity.

The upstage compartments (Paul Kondras's set, lit by Mark Frisby) illustrate the characters' thnughta. We glimpse the "beast with two backs" of Iago's jeers; we watch Othello's feverish jealousy embodied by an imagined Desdemona advancing with arms outstretched to snme unseen lover. This sultry nightworld is crystallised when all four rooms are briefly lit to shnw disgruntled Roderigo slumped on the floor; Othello and Desdemona enjoying a post-coital cigarette; Bianca and Cassio dancing smoochily; and a woman waiting alone until Iago enters and towers over her . . .

In fact Iago also towers over his slight, lithe Othello. At his best, the Jamaican Wyllie Longmore suggests the smouldering, compact menacs that an actor like Ian Holm could bring to the role. He has the anthority for Othello's anger at Cassio's drunkenness and the vocal strength for the ontbursts. When heart-broken and direct, he achieves nobility.

Michael Gunn's Iago, a balding, affable NCO, combines breezineee and brutality, uncomfortably recalling those colonial police oficers who stayed on to train new masters to old ways. Amanda Pointer's Desdemona lines her devotion with unyielding integrity. The quietly naturalistic approach requires a more varied pace; Roderigo's murder looked under-rehearsed. But the production is a lucid and cogent argument for *Othello* as an intimate, personal tragedy, and no less agonising for all that.

Martin Hoyle

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Radio

Have an addiction, form a club

MAN WAS *formed* for society, said Sir William Blackstone; so when people have common interests, from bird-watching to railway-engines, what better than to form a club? Humphrey Carpenter deals with a particular variety, literary societies, on Radio 4 in *To Keep the Memory Green*, the first two of his six memories being Tolkien and Chesterton.

The Tolkien Society is wholesale in its addiction. They may dress in Middle Earth costumes, play Middle Earth Monopoly, collect Middle Earth weapons, specially made fnr them. A lady member writes poetry to Middle Earth language (and very pretty it is). *Their* sociology suggests crypto-fascism, but it is just a splendid game. I am saving Tolkien for my old age, but it sounds great.

The Chesterton Society is more restrained, though it does attract the kind of member who looks like the great Gilbert Keith. Their chairman presides from the barber's chair in which GKC is said to have had his hair cut. There are no distributive candidates at elections (alas); the only political *point that Humphrey Carpenter* noted was a wish to have Chesterton and Belloc read in schools. (They would have to be purged of anti-Semitism, but there seems nothing of this in the Society.) Societies like these are a good way to keep intellectuals out of trouble.

Yon might havs thought that, *after last year's celebrations*, Australia was hardly ready for a new series. Yet here is Radio 3 with *Reflections on Australia*, six interviewe with Australians by Michael Charlton, who always gives the impression that he knows at least as much about his subject as whoever he is interviewing. He served D.H.Lawrence and de Tocqueville to Prime Minister Bob Hawke, but the Prime Minister came back strongly.

The only point I had against *their* interestingly mismatched exchanges was that in 45 minutes the Australian PM never mentioned the aboriginals, though he spoke proudly of Australia'e multi-racial culture – only 7 per cent Asian so far, with immigrants from 130 nations. "The one test of an Australian is commitment to Australia." In the second programme, Charlton was talking with Sir Zelman Cohen, a former Governor-General, about the Australian Constitution, a mnre scholarly *matter*. The last of the six, on Monday, will be with Dame Elizabeth Murdoch, Rupert's mother.

Sue Lawley can sometimes seem a round ahead of her *Desert Island* subject too, but she was on good terms with Boy George. "I think more about my work than sex," said Boy George, *adding with* a giggle, "I hope that's not going to be one of those quotes." (Sorry, George.) He didn't try to introduce clever records; bnt he gave us Elizabeth Welch, Marlene Dietrich and Ella Fitzgerald among others, and that's not bad at all.

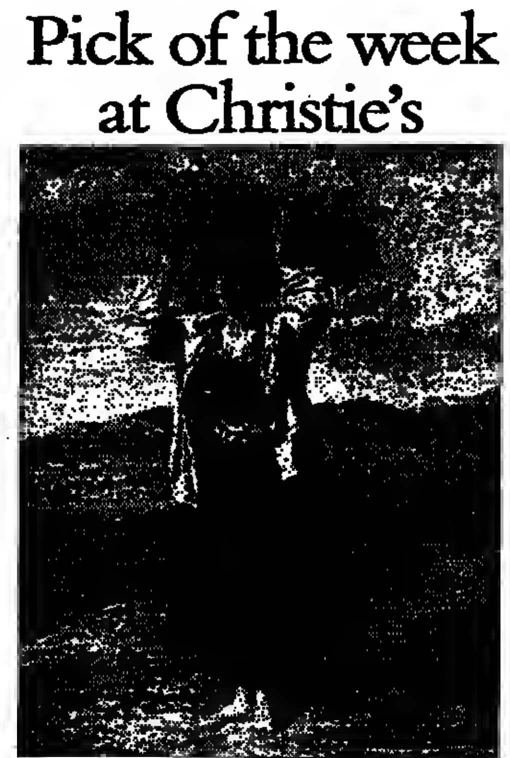
I was looking forward to Ronald Frame's play *Cara* on Radio 3 on Tuesday, but it left me bewildered. The theme is simple, a woman's reaction to an unwilling abortion; but the treatment *was so complex that* the theme was often hidden under events whose connection was not at once clear. I ran the play twice on my tape, but I am still dubious.

I must apologise to Mr Frame if I have this wrong, but this is what I thought I heard: Stephen (Dermot Crowley), husband or lover of Anna (Harriet Walter), makes her suspect infidelity just when she has become pregnant. She has this abortion, then goes to Australia. *On the ship she believes* she can hear a child, *her* child, Cara, on the deck. On an Australian beach she meets a younger woman, Karyl, associates her with her lost child, and murders her as she murdered her nwn Cara.

But there is much other incident, not least Anna's attempted suicide from a high window and her subsequent treatment by a psychiatrist. "Subsequent"? Events are presented in an order that may seem expository on paper, but is not so to the listener who cannot refer back. Patrick Rayner was the director; he secured moving wnrk from Miss Walter in some moving scenes, but I can't offer more than that.

B.A. Young

Pick of the week at Christie's



William Powell Frith, R.A. 'The Farmer's Daughter', signed and dated 1865, 21¼ x 15¼in. (53.9 x 38.7 cm) (detail). Estimate: £4,000-£6,000

WILLIAM POWELL FRITH, R.A. (1819-1909) painted his first panorama of Victorian life in 1851, 'Ramsgate Sands', which was bought by Queen Victoria herself. Its success encouraged him to paint a series of similar panoramas such as 'Derby Day' (1853), for which he is best known, although during the sixty years he exhibited at the Royal Academy *he continued to produce* works in historical, sentimental and moralistic genres.

This painting of The Farmer's Daughter is one of many fine works to be found in the sale of English and Victorian Pictures, Watercolours and Drawings at Christie's South Kensington on Tuesday, 31 January at 2.00 p.m.

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SPORT

Bet a cold beer on hotshot Ivan

John Barrett at the Australian Tennis Open

IT WAS more like a massacre than a tennis match. In 49 faultless minutes on Thursday, world champion Steffi Graf dispelled any doubts that existed about her superiority over her nearest rival, the 18-year-old Argentine champion, Gabriela Sabatini. Graf's 6-3, 6-0 victory put her in the final of the Ford Australian Open for the second year in a row.

Last year's success against Chris Evert had launched Steffi on her spectacular golden Grand Slam year. Her opponent today will be the Czech No 1, Helena Sukova, who was a finalist in 1984 when she ended Martina Navratilova's run of 74 winning matches before bowing to Chris Evert.

This year in Melbourne Miss Sukova has beaten Miss Navratilova again. Her dramatic 6-2, 3-6, 9-7 victory in the quarter-finals once more exposed the fatal flaw in the naturalised American's game. Twice Martina served for the match in the final set. Twice she choked on crucial shots. At 7-7, the former world champion held two points to break Sukova's serve but failed. At 8-7 she led 30-0 but wilted once more, finally to lose the match on a double fault.

Anyone who has ever competed earnestly at club level will recognise the symptom. The dreaded "steel elbow" is feared by all who have been close to a win that really matters. Great champions are generally immune from the disease, though. Because they are not afraid to lose they are able to go for their shots in tight situations – and make them. Remember Bjorn Borg on those perilous occasions at Wimbledon against Edmondson, Amaya, Amritraj and Tanner when he stared defeat in the face and survived?

As you get older, that becomes more difficult – even for champions. In her great years Martina had so much in hand technically and physically that the flaw we had all noticed in her as a young player was concealed.

Now, as she slips further behind Steffi and is challenged by other players, it has surfaced again. The double fault at match point was particularly revealing. Four times in 1987 she ended important finals that way: against Hana Mandlikova here at the Australian Open, against Graf in the French Open, against Evert in Houston and against Sukova at Eastbourne.

The young Graf has no such inhibitions. First and foremost she is a wonderful athlete. If you can believe it, she is stronger now and even faster about the court than the gazelle who beat Martina in last year's Wimbledon final. Poor Sabatini, who had beaten Steffi twice in 1988, was made to look painfully slow by the barrage of explosive first serves, furious forehands and, now, occasional flat backhands, that simply blew her from the court.

This tournament marks Miss Graf's eighth consecutive appearance in the final of a Grand Slam championship. Today's encounter should be a mere formality. True, the tall Sukova has beaten Steffi once in their nine meetings, but that was on grass in Brisbane in 1983 when Steffi was only 14. In their last five matches, which have cost Steffi a mere 20 games, Helena has never won more than three games in any set.

The men's final is the first between two Czechs since the tournament began in 1905. Tomorrow Ivan Lendl, the deposed world champion who is currently ranked No 2 behind Mats Wilander of Sweden, will face the mesmeric Miloslav Mecir, a 24-year-old genius from Prievidza whose sleight of hand with the racket has caused the French community here to christen him "Le Prestidigitateur." The Italians prefer "Il Gattone," the big cat, to describe his graceful, gliding coverage of the court and his exquisite touch.

Certainly Milo carries a bagful of deceptive tricks in his tucker bag (he is on his fourth visit Down Under). Yet, for all his undoubted skills, I do not believe that Mecir will thwart Lendl in his attempt to claim the crown that slipped from his grasp in 1983 when, against expectations, Wilander beat him in straight sets.

The only question hanging over this intriguing encounter is the effect that yesterday's excessive heat might have had. Mecir was fortunate to play second. By the time he went on to face Jan Gunnarson, a little-known Swede, who had put out his compatriot, Jonas Svensson, the surprise victor against Boris Becker, the intense heat had moderated. Even so, Mecir had to recover from 0-3 and 2-5 before subduing Gunnarsson's spirited challenge 7-5, 6-2, 6-2 in an hour and 53 minutes.

Lendl had been detained for three hours and 13 minutes in the middle of the day before he finally overcame the vigorous young Austrian, Thomas Muster, 6-2, 6-4, 5-7, 7-5. But they had both suffered. Merely to sit watching the match in the blistering 37-degree heat was to understand the amazement of foreigners about mad dogs and Englishmen.

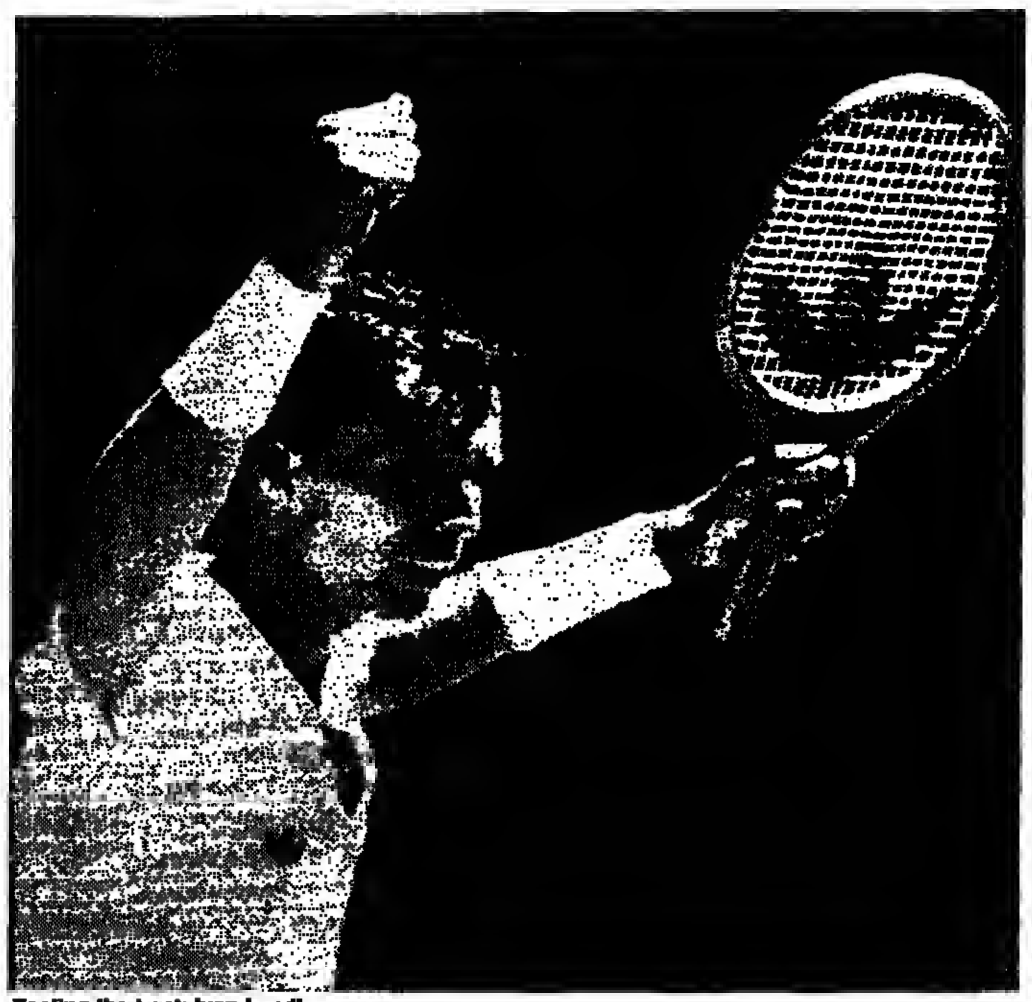
Hear Lendl's opinion: "It was very hot. This was the longest match I've played in such heat."

Another problem will be dehydration. Lendl is probably the fittest and best-prepared tennis player on earth. But even he, after two weeks of solid preparation with Tony Roche, cannot prevent the natural juices from being sucked out of him by the relentless rays of the summer sun. If Muster had won that 4th set (at 5-5, 40-30 he missed a sitting smash), I believe his 21-year-old legs would have functioned better for longer than Lendl's.

We might have seen another major upset, and they have been plentiful these past two weeks. During the first night session the acrobatic Frenchman, Yannick Noah, was eliminated in five thrilling sets by the Australian left-hander, Mark Woodforde. On day three the defending champion, Wilander, having struggled to beat a lowly Swede, Tobias Svantesson, in five sets, was eliminated by the skilful grace of India's Ramesh Krishnan in four.

If Graf looks a certainty today, so does Lendl tomorrow. True, the only win Mecir has scored against him in five meetings occured on a similar cement surface at Key Biscayne, Florida, in 1987. Before that Lendl had prevailed in the US Open final of 1986, and since then he has imposed two straight sets victories on clay in 1987, at the German and French Opens.

It seems likely, then, that tomorrow night Miss Graf and Lendl will be the only ones capable of achieving a Grand Slam in 1989. After witnessing the events of the past two weeks I would almost be prepared to stake my house on Steffi completing a second clean sweep in 1989. For Lendl, I would want to reduce the stake to a can of cold beer. Cheers!



Feeling the heat: Ivan Lendl

Nights of beer and chips end for Ireland's finest

Kieran Cooke on modern rugby's need for fitness

THE MOST predictable thing about the Ireland Rugby Union team is its unpredictability. Make them favourites to win and "the lads" fail miserably. Put their backs against the wall and they perform miracles. Even Dublin's most loyal bar-bound aficionados were expecting an embarrassingly large defeat by France in the opening match of the Five Nations Cup last weekend. In the event, the Irish bulldozed the French through much of the game, Gallic flair and control only snatching a win in the closing minutes.

Ireland is possibly the last bastion of the game as it was known and loved in the old days. Some players still believe in having a few pints the night before a match, then a big fried breakfast, running like hell in the first half and gradually collapsing in the second, followed by an almighty drinking bout and some innocent frolics before collapsing into a sozzled heap at dawn.

But even in conservative Ireland, the approach to the game is changing. Players these days are far more conscious about what they eat and drink. All round fitness and athleticism is essential. Tactics and "game plans" are being adopted. In short, the game is becoming more – the dreaded word – professional.

Willie Anderson, the Irish No 8, is a towering Ulsterman with a handshake that could crush marbles and one ear that looks as if someone decided on a quick snack in mid-scrummage. At 34, he is the old man of the Irish side. He describes himself as a traditionalist with modern views: "The Irish players are changing their whole approach to the game. If they don't, then Ireland will be left behind, always in the second division of world rugby."

It is the New Zealanders, Australians and South Africans – the All Blacks, Wallabies and Springboks – who have revolutionised the game over the last 10 years. These so-called southern hemisphere teams have shown the world a different and very successful style of rugby where every player is 100 per cent fit and 100 per cent committed.

These are no times for lumbering, puffing scrum men. Now it is strength and speed. Willie Anderson does not drink for two weeks before a match, eats no fries and sticks to fish and white meat. He still has a few after-game pints and a bit of fun. But gone are the mad old days that briefly found Willie at the centre of an international political argument following an after-match incident in Buenos Aires involving a flag pole and a humourless military junta.

Jimmy Davidson is in his second season as Irish coach. "Stronger, leaner, faster and meaner," is the message he drills into his players. "We have to change our ways. The New Zealanders are coming to Ireland next November. We don't want to be beaten by 70 points," says Davidson.

Ireland, like other international teams, now have a special adviser on fitness, training and diet. Colin Boreham is a former Olympic athlete who finds Irish attitudes hard to change. "Athletes are neurotic about their physique and fitness. Rugby players go out of their way to abuse their bodies . . But there has to be a more measured, planned approach," he says.

'These are not times for lumbering, puffing scrum men'

Changing attitudes is not the only problem. Ireland has other handicaps. France has about 150,000 rugby players. Those with international potential are looked after in terms of jobs, housing and other benefits. England has an equivalent number of players. Club and international play is becoming more sophisticated as leading teams hold special training camps and go on overseas trips together.

Wales, like New Zealand, has a grassroots rugby playing tradition, which leaves Ireland and Scotland as the poor relations of world rugby. Each has only about 10,000 rugby players to choose from. Rugby is one of the few sports in Ireland played on an island-wide basis with players from both north and south of the border represented on the national team.

Yet politics is never far away. Ireland would have a far bigger pool of players if Roman Catholic schools in Northern Ireland played rugby. Instead they play Gaelic football, regarded as the true Irish sport and one of the symbols of Irish identity. Ironically, Roman Catholic schools in the Irish Republic have produced some of Ireland's finest players.

Ireland's players have to make considerable sacrifices to represent their county. Employers are reluctant to release players for special training sessions; many weekends are spent away from home and families, and the financial rewards are minimal or non-existent.

David Irwin, the Irish centre, is the stuff of rugby legends. He has fought his way back from a broken leg, torn knee ligaments and a back injury to represent Ireland. In 1987, he narrowly escaped death when, travelling over the border to a match, his car was involved in an IRA bomb explosion. When Irwin was sitting his medical finals, he had to do his exams at 7am in Belfast, then have a high speed police escort to Dublin to play in an international.

"The demands of the game these days are professional demands, yet we are amateurs. You can't afford to have the summer off and go on the beer. Rugby is a year round activity and it's going to become increasingly hard for people to hold down jobs and play competitive international rugby as well," he says.

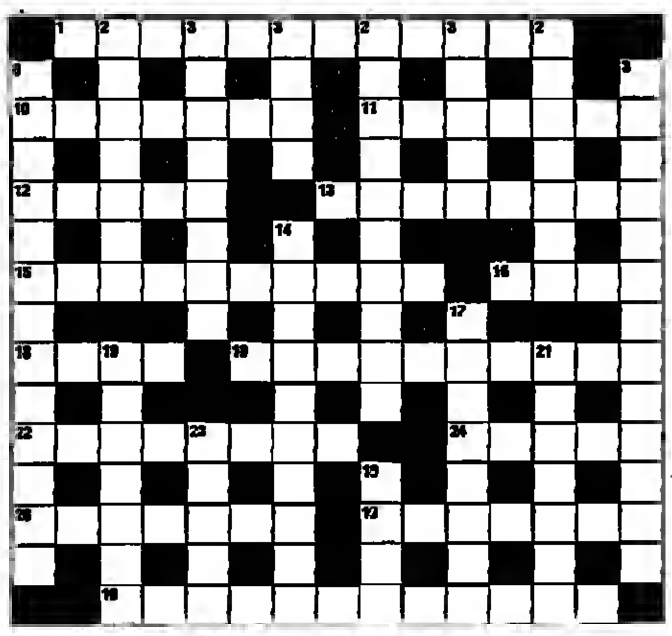
Some players cry foul when people compare them with their highly professional counterparts in New Zealand, Australia or France. Some regret the passing of the old days, the way even the crowds have changed from the true supporters to the "sheepskin and smoked salmon sandwich brigade" who encroach on today's rugby grounds.

Tim Francis once played for the London Irish Club. He now manufactures a range of formidable looking training equipment designed specifically for rugby teams. "I remember the days when any player who left the bar after the match before midnight was looked down on and not selected the following Saturday. That's all gone now, and it's a bit sad."

CROSSWORD

No. 6,846 Set by CINEPHILE

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday February 8, marked Crossword 6,846 on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4BY. Solution on Saturday February 11.



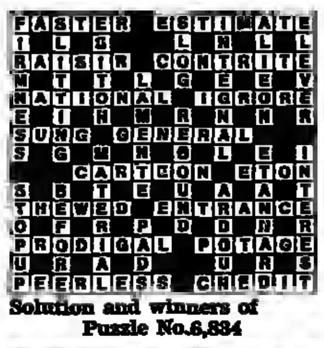
ACROSS

1 Learned lady, Tory, keeping in shop (12)
10 Nelson's predecessor, a philosopher? (7)
11 Bad name for spa to wallow in? (3,4)
12 Dig five hundred fairies don't finish (5)
13 Nearest part of wicket gets tangled in a mass (3,5)
15 Presidential rendering of Casablanca (5,5)
16 Eager to mourn (4)
18 Cunning is needed for bridge (4)
20 I munch pate, possibly, without stress (10)
22 Paddy flower on top of Holy island (8)
24 I have business on a Spanish island (5)
26 Prohibition repelled me: prohibition, depart! (7)
27 Perennial heather around a street (7)
28 Thirsting to hinder division between upland sheep? (3-5,4)

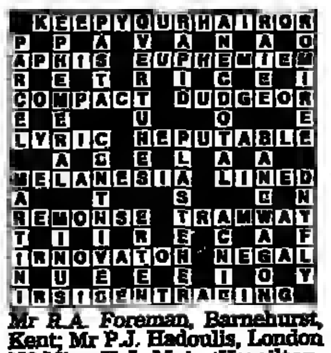
DOWN

2 Shrub always heard in the Rhine (7)
3 Tips for unknown meeters? (8)
4 Weight of old city (4)
5 'Ull's river's income's awkward (10)
6 River needing try for work (5)
7 Un-regal variety of instant coffee? (7)
8 Darkness over cupboard under Kinnock (6,7)
9 Bit of dinner – and put on dinner jacket? Don't be predictable! (4,3,6)
14 Fair part, not direct (10)
17 Binder observed woodcutter (5-3)
19 Copied work enclosed? (7)
21 Half number of jury in court case? It's not important (7)
23 Writer resistant to frost (5)
25 Scheme to remove king from board (4)

Solution to Puzzle No.6,845



Solution and winners of Puzzle No.6,834



Mr R.A. Foreman, Barnehurst, Kent; Mr P.J. Hadoulis, London N6; Miss H.J. Mair, Hamilton, Bermuda; Mrs M. Sharrott, Burton-on-Trent, Staffs; Mr G. Snowden-Davies, Cardiff.

TELEVISION & RADIO

SATURDAY

† indicates programme in black and white

BBC1

6:15 am Saturday Starts Here. 8:25 Caterpillar Trail. 8:40 Chuckleviaion. 9:00 Going Live! 12:12 pm Weather. 12:15 Grandstand, including 1:05 News; 12:20 Football; 1:15 Racing from Cheltenham; 1:25 Snooker (Benson and Hedges Masters); 1:50 Racing from Cheltenham; 2:00 Snooker; 2:25 Racing from Cheltenham; 2:35 Tennis (Women's singles final of the Australian Open); 3:45 Football (News from today's fourth-round FA Cup matches); 3:55 Rugby League (Hull v Castleford); 4:30 Final Score.

5:05 News. 5:15 Regional programmes. 5:20 The Flying Doctors. 6:05 Jim'll Fix It. 6:40 Bob's Full House. 7:15 'Allo 'Allo!. 7:45 The Paul Daniels Magic Show. 8:35 Bergerac. 9:20 News and Sport. 9:35 Midnight Caller. 10:25 Match of the Day: Road to Wembley (highlights from today's FA Cup fourth-round matches). 11:25 Snooker (the second semi-final of the Benson and Hedges Masters).

BBC2

12:00 Open University. 2:10 pm Film: "The Shoes of the Fisherman" (1968) with Anthony Quinn, Oskar Werner, Laurence Olivier, Barbara Jefford, Leo McKern, John Gielgud and Frank Finley. 4:40 Snooker (the first semi-final of the Benson and Hedges Masters). 6:20 The Triumph of the West. 7:10 Newsview. 7:55 Rhythms of the World: "Robert Cray Live!" 8:55 The 'Slap' Maxwell Story. 9:20 Saturday Night Clive: in the age of de-regulation, Clive James looks at what the ever-expanding media are broadcasting worldwide. 10:10-12:25 am The Film Club. Terence Davies introduces Stanley Kubrick's space adventure "2001: A Space Odyssey" (1968) with Keir Dullea and Gary Lockwood.

LONDON

6:00 am TV-am Breakfast Programme. 9:25 Motormouth. 11:30 The Partridge Family. 12:00 The Chart Show. 7:00 pm News. 1:05 Local News and Weather, followed by Saint & Greavsie. 1:40 Sportsmasters. 2:10 International Athletics: Dairy Crest Games – Great Britain v West Germany. 4:15 Mr Majeika. 4:45 Results Service. 5:05 ITN News. 5:15 Local News and Weather. 5:15 Blockbusters. 5:45 Superboy. 6:15 Trick or Treat. 6:45 You Bet

7:45 Film: "The Goonies" (1985) with Sean Astin, Josh Brolin, Corey Feldman and Jeff Cohen. 9:50 ITN News 10:05 Local Weather. 10:10 Aspel & Company. 10:55 Spitting Image. 11:25 "The Highwayman" with Sam Jones. 12:25 am Soap, followed by ITN News Headlines. 1:00 Night Network.

CHANNEL 4

9:30 am You Want A Coconut? 10:00 4 What It's Worth. †10:30 Film: "Somewhere I'll Find You" (1942) with Clark Gable and Lana Turner. 12:30 pm Dance With Me. 1:05 Channel 4 Racing from Doncaster. 13:10 Film: "Hold That Ghost" (1941) with Bud Abbott and Lou Costello. †4:45 The Three Stooges. 5:05 Brookside. 6:00 Right to Reply. 6:30 Scottish Eye examines the extent to which nuclear fall-out from the Chernobyl disaster is still present in Scotland and northern England.

7:00 News summary and weather, followed by People to People: Exceptional Leave to Remain. 8:05 The Harp in the South. 9:00 Film: "Mirror" (1974): Autobiographical film by Andrei Tarkovsky (in Russian with English subtitles). 11:00 Sounds of Surprise: Art Tatum – The art of jazz piano. †12:05 am Film: "Our Man in Havana" (1959) with Alec Guinness, Maureen O'Hara, Ralph Richardson and Noel Coward.

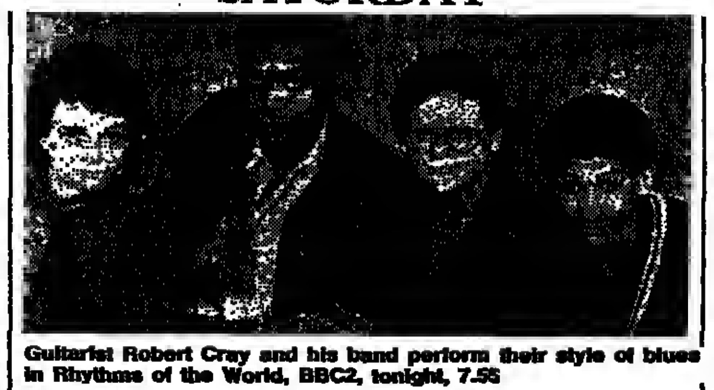
S4C WALES

As Channel 4 except:
9:30 am Open College. 10:30 Vintage: A History of Wine. 11:00 Four What It's Worth. 11:30 Bhagwan. 12:00 Here and Now on 4. 12:30 pm Sumo. 13:10 Film: "The Wooden Horse" (1950) with Leo Genn, David Tomlinson, Anthony Steel and Bryan Forbes. 5:30 Citizen 2000. 7:00 Carreg Ateb. 7:30 Newyddion. 7:40 Y Maes Chwarae. 8:40 Corau Mawr. 9:30 True Stories: Australia Daze.

IBA Regions as London except at the following times:

BORDER

11:30 am The Chart Show. 12:30 pm America's Top Ten. 11:25 Film: "Barbarosa" (1981) with Willie Nelson and Gary Busey. 1:00 am The Hit Man and Her, with Pete Waterman and Michaela Strachan.



Guitarist Robert Cray and his band perform their style of blues in Rhythms of the World, BBC2, tonight, 7.55

CENTRAL

11:00 am Star Fleet. 11:25 pm Prisoner: Cell Block H, followed by ITN News Headlines. 12:25 am Film: "Hang 'Em High" (1968) Clint Eastwood.

CHANNEL

11:30 am The Chart Show. 12:30 pm Ski Tips. 11:25 Highwayman. 12:20 the Cinemattractions. 12:50 America's Top Ten. 1:20 The Leonard Rosen Show.

GRAMPIAN

11:30 am The Chart Show. 12:30 pm A Iomadh Dathaich – "An Dusan Mios". 5:10 Criomagan: A Gaelic look ahead to the coming week of events in the Highlands and Islands. 11:25 Scottish Cup Special. 12:10 am The Fall Guy. 1:30 am The Hit Man and Her, alias Pete Waterman and Michaela Strachan.

GRANADA

11:30 am The Chart Show. 12:30 pm America's Top 10. 11:25 Film: "Barbarosa" (1981) with Willie Nelson. 1:00 am The Hit Man and Her, with Pete Waterman and Michaela Strachan.

HTV

11:30 am The Chart Show. 12:30 pm America's Top 10. 11:25 Film: "The Groundstar Conspiracy" (1972) with George Peppard and Michael Sarrazin. 1:00 am Throb. 1:30 Married . . . With Children.

TSW

11:00 am The Chart Show. 12:30 pm The South West Week. 5:10 Newsport. 11:25 Film: "Barbarosa" (1981) with Willie Nelson. 1:00 am The Hit Man and Her: Pete Waterman is the Hit Man and Michaela Strachan is Her.

TVS

11:30 am The Chart Show. 12:30 pm Ski Tips. 11:25 Highwayman. 12:20 am The American Showcase: Cinemattractions. 12:50 America's Top Ten. 1:20 The Leonard Rosen Show.

TYNE TEES

11:30 am The Chart Show. 12:30 pm Ski Tips. 5:05 Cartoon Time. 11:25 Film: "Barbarosa" (1981) with Willie Nelson and Gary Busey. 1:00 am ITN News Headlines. 1:02 The Hit Man and Her: Pete Waterman is the Hit Man and Michaela Strachan is Her.

ULSTER

11:30 am The Chart Show. 12:35 pm America's Top 10. 11:25 Film: "Barbarosa" (1981) with Willie Nelson and Gary Busey. 1:00 am The Hit Man and Her, followed by ITN News Headlines.

YORKSHIRE

11:30 am The Chart Show. 12:30 pm America's Top 10. 11:25 Film: "Barbarosa" (1981) with Willie Nelson and Gary Busey. 1:00 am ITN News Headlines, followed by The Hit Man and Her.

RADIO

(S) Stereo on FM

BBC RADIO 2

5:00 am David Jacobs. 9:00 Sounds of the 60s with Simon Dee. 10:00 Anne Robinson. 12:00 Gerald Harper. 1:00 pm Inman and Friends. 1:30 Sport on Two, including Football and Racing from Cheltenham. 5:00 Sports Report. 6:30 That's Show Business. 7:00 The Press Gang. 7:30 Gala Concert. 9:30 String Sound. 10:05 Martin Kelner. 12:05 am Night Owls with Dave Gelly. 1:00 Ellie Hill presents "Nightride". 3:00-4:00 A Little Night Music.

BBC RADIO 3

7:00 am Morning Concert. 8:15 The Week on 3. 9:00 News. 9:05 Ulster Orchestra with Philip Fowke (piano): John Field (Piano Concerto No 1), Clementi (Symphony No 3). 9:00 Saturday Review. 1:00 pm News. 1:05 Third Ear: Gillian Reynolds explores a current controversy in the arts world. 1:35 From the Festivals 1988: Chamber music by Telemann played by Musica Antiqua, Cologne, at the City of London Festival.

2:20 From the Proms 1988: BBC Welsh SO/ Tadaaki Otaka with Cecile Ousset (piano): Schumann (Piano Concerto). (2:55 Interval reading). 3:00 Mahler (Symphony No 5). 4:15 Debut: Alistair Miles (bass) with Elizabeth Marcus (piano) in songs by Keel, Schubert and Strauss. 5:00 Jazz Record Requests. 5:45 Critics' Forum. 6:35 "Khovanshchina" (Mussorgsky's opera arr Shostakovich): A recording of Alfred Kirchner's new production for the Vienna State Opera conducted by Claudio Abbado. (8:15-8:25 Claudio Abbado on his role as the Vienna State Opera's musical director).

10:15 Jeffrey Kahane (piano): Brahms (Variations and Fugue on a theme of Handel) and Ravel (Tombeau de Couperin). 11:15 From Petain to Pompidou: French cabaret songs on record. 12:00-12:05 am News.

BBC RADIO 4

7:00 am Today. 8:30 News. 8:35 Sport on 4. 9:30 Breakaway. 10:00 News; Loose Ends with Ned Sherrin. 11:00 News; The Week in Westminster. 11:30 From Our Own Correspondent. 12:00 Money Box. 12:25 pm I'm Sorry, I Haven't a Clue (s). 12:55 Weather. 1:00 News. 1:10 Any Questions? 1:55 Shipping Forecast. 2:00 News; Any Answers? 01-580 4411. 2:30 "The Playgirl" (s): Play by Alan Barre. 4:00 News; Age to Age. 4:30 Science Now: Peter Evans reports from annual meeting of the American Association for the Advancement of Science in San Francisco.

5:00 Family Footsteps: Gerald Williams in conversation with swimmer Sharron Davies and her coach-father, Terry. 5:25 Week Ending. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News; Sports Round-Up. 6:25 Chinese (s). 7:10 Stop The Week (s) with Robert Robinson. 7:45 Saturday Night Theatre (s). 9:15 Music is Mind (s). 9:30 Ten to Ten (s). 9:55 Weather. 10:00 News. 10:15 I Should Say So: The last of four Robb Wilton sketches by Allan Sadler, read by Michael Williams. 10:30 The Late Play (s): "Compliance" by Mike Walker. 12:00-12:30 am News.

SUNDAY

† indicates programme in black and white

BBC1

8:50 am Playbus. 9:15 Articles of Faith. 9:30 This is the Day. 10:00 Man and Boy. 10:25 Take Nobody's Word for It. 10:50 Russian Language and People. 11:15 Deutsch Direkt! (German for beginners). 11:40 Bazaar. 12:05 pm See Hear! 12:30 Country File. 1:00 News: On the Record presented by Jonathan Dimbleby, with John Cole. 2:00 EastEnders. 3:00 Match of the Day: The Road to Wembley: live coverage of Millwall v Liverpool in the FA Cup fourth round.

4:55 Cartoon. 5:30 The Clothes Show. 5:30 Antiques Roadshow. 6:15 Snap! 6:25 News. 6:45 Songs of Praise. 7:15 Only Fools and Horses. 8:05 Mastermind. 8:35 Campion. 9:30 That's Life. 10:15 News. 10:20 Everyman: "What is a Jew?". 11:20 Snooker: live coverage of the final frames in the Benson and Hedges Masters.

BBC2

8:15 am Now on Two. 12:00 Reportage. 12:30 Tennis: action from this morning's men's singles final of the Australian Open in Melbourne. 2:00 Snooker: coverage of the Benson and Hedges Masters final. 2:30 The Week in the Lords. 3:00 Film: "I Own the Racecourse" (1985) with Gully Coote. 4:15 Music from China. 4:35 Rugby Special. 5:45 Ski Sunday.

6:05 Snooker: further coverage of the final from Wembley. 8:30 The Money Programme: Are the activities of US-style political lobbyists exerting pressure on behalf of institutions which amounts to manipulation of the democratic process? 7:15 Madhur Jaffrey's Far Eastern Cookery. 7:45 The Laurence Olivier Awards 1988 introduced from the stage of the Dominion Theatre, London, by Sue Lawley and Anthony Hopkins. 9:15 Snooker: coverage of the last session of the final. 9:45 Three-Minute Culture: Michael Ignatieff talks to Peter Mandelson, Campaigns and Communications Director for the Labour Party, about marketing political policies. 10:15 Film: "Words of Love" ("Screen Two" production about a teenage English Buddy Holly fan and his hero's last days). 11:20-11:55 Snub: the best from the independent music scene.

LONDON

6:00 am TV-am Breakfast Programme. 9:30 Motormouth on Sunday, including Fraggle Rock. 10:45 Link. 11:00 Morning Worship. 12:00 Encounter. 12:30 pm The Weekend Live. 12:50 Local News and Weather. 1:00 ITN News. 1:10 Eyewitness. 2:00 Coronation Street. 6:00 Film: "Battle of Midway" (1976) with Charlton Heston, Henry Fonda, James Coburn, Glenn Ford, Robert Mitchum and Robert Wagner. 5:30 Bullseye. 6:00 Beeson. 5:30 ITN News. 5:30 Local News and Weather. 6:00 Appeal: The Rainer Foundation.

6:45 Highway. 7:15 Catchphrase. 7:45 Wish Me Luck. 8:45 Agatha Christie's Poirot. 9:45 ITN News. 9:55 Local Weather. 10:00 The New Statesman. 10:30 The South Bank Show: From the New World. 11:30 Soap. 12:00 The Chart Show, followed by ITN News Headlines. 1:00 am The Other Side of Midnight.

CHANNEL 4

9:25 am Here and Now on 4. 10:00 The World This Week. 11:00 Pob's Programme. 11:30 Worzel Gummidge Down Under. 12:00 The Waltons. 1:00 pm Lost in Space. 12:00 Film: "Kaagaz Ke Phool" ("Paper Flowers") (Hindi with English subtitles). †4:40 Movie Museum. 4:55 News Summary and Weather. 5:05 The Business Programme. 5:30 International Volleyball. 6:30 Fair Play. 6:40 The Cosby Show. 7:15 Fragile Earth: Guests and Strangers. 8:15 The Big Company: The Corporate Ladder and the Freedom Net. 9:15 The Media Show. †10:15 Film: "The Grapes of Wrath" (1940) with Henry Fonda. †12:40 Film: "The Black Cannon Incident" (1985).

S4C WALES

As Channel 4 except:
9:10 am Sgilieu. 9:15 Hafoc. 1:00 pm People to People. 12:00 Film: "I Was a Male War Bride" (1949) with Cary Grant. 4:00 Taming the Flood. 6:45 A Different World. 7:15 Rebecca. 7:20 Newyddion. 7:30 Hen Win O Gastell Y Waun. 8:00 Enoc Hughes. 8:30 Dechrau Canu, Dechrau Canmol. 9:00 Hel Straeon. 9:30 Gwyl Erwau'r Gilfach. 10:30 Nid Oes Neb Wedi Gweld Dow Erioed. †10:25 Film: "The Winslow Boy" (1948).

IBA Regions as London except at the following times:

BORDER

12:25 pm Landmark with Eric Robson. 3:00 Film: "Battlestar Galactica – The Movie" (1978) with Lorne Greene. 5:05 Scotsport. 6:00 Bullseye. 11:30 Prisoner: Cell Block H, followed by ITN News Headlines. 12:30 am The Other Side of Midnight, with Anthony Wilson. 1:00 Donahue.

CENTRAL

12:30 pm Here and Now. 2:00 Highway to Heaven. 3:00 Film: "Battlestar Galactica – the Movie" (1978) with Lorne Greene. 5:05 Bullseye. 5:35 Coronation Street. 11:30 Prisoner: Cell Block H, followed by ITN News Headlines. 12:30 am The Chart Show. 1:25 Film: "When Dinosaurs Ruled the Earth" (1969).

CHANNEL

12:30 pm Reflections. 12:35 Les Français Chez-Vous. 2:00 The Bill. 3:00 Film: "Battle of Midway". 5:35 Coronation Street. 11:30 Mystery Theatre. 12:00 The Chart Show. 1:00 am Bryan Adams/Errol Brown/Genesis.

GRAMPIAN

10:45 am Pick a Number. 11:15 America's Top Ten. 11:45 Link. 12:30 pm Landmark. 3:00 Film: "Tennessee's Partner" with Ronald Reagan. 4:30 Ski Tips. 5:30 Scotsport. 6:05 Bullseye. 11.30 Prisoner: Cell Block H. 12:30 am The Other Side of Midnight. 1:00 Donahue.

GRANADA

12:30 pm This Is Your Right. 12:50 Aap Kaa Hak. 2:00 The Fall Guy. 3:00 Film: "North to Alaska" with John Wayne. 5:05 Bullseye. 5:35 Coronation Street. 11:30 Prisoner: Cell Block H, followed by ITN News Headlines. 12:30 am The Other Side of Midnight. 1:00 Donahue.

HTV

12:30 pm West Country Farming, followed by Weather for Farmers. 2:00 Highway to Heaven. 3:00 Film: "Hannibal Brooks" (1968) with Oliver Reed, followed by Cartoon Time. 5:40 Bullseye. 5:35 Coronation Street. 11:30 Prisoner: Cell Block H. 12:30 am The Chart Show, followed by ITN News Headlines.

TSW

12:30 pm Farming News. 2:00 Sunday Sport. 2:30 Survival. 3:00 Film: "Battlestar Galactica – The Movie" (1978) with Lorne Green. 5:35 Coronation Street. 11:30 Space. 12:30 am The Other Side of Midnight. 1:00 Donahue.

TVS

12:33 pm Agenda. 12:55 TVS Weather, including farming weather. 2:00 The Bill. 3:00 Film: "Battle of Midway" (1976) with Charlton Heston. 5:35 Coronation Street. 11:30 Mystery Theatre. 12:00 The Chart Show.

TYNE TEES

12:30 pm Jack Thompson Down Under. 2:00 Who's the Boss? 2:30 Bullseye. 3:00 Film: "Artists and Models" (1955) with Dean Martin, Jerry Lewis and Shirley MacLaine. 5:00 Landmark. 5:35 Coronation Street. 11:30 Inner Space. 12:00 Mary. 12:30 am ITN News Headlines. 12.32 The Other Side of Midnight. 1.00 Donahue.

ULSTER

12:30 pm Going By The Book. 2:05 Farming Ulster. 2:30 Ski Tips. 3:00 Film: "Battlestar Galactica – The Movie". 5:05 Bullseye. 5:35 Coronation Street. 5:57 Ulster Sports Results. 12:30 Worlds Beyond. 12:30 am The Other Side of Midnight. 1:00 Donahue.

YORKSHIRE

12:30 pm Farming and Inshore Weather, followed by Farming Diary. 3:00 Film: "Battlestar Galactica — The Movie". 5:05 Highway to Heaven. 6:00 Bullseye. 11:30 Scrutodown. 12:30 am ITN News Headlines, followed by The Chart Show.

RADIO

(S) Stereo on FM

BBC RADIO 2

7:30 am Roger Royle says "Good Morning Sunday," with guest Canon John Oates. 9:05 Melodies For You. 11:00 Desmond Carrington with Your Radio 2 All-Time Greats. 1:00 pm Ray Moore Tribute presented by Ken Bruce. 3:05 Benny Green. 3:00 Alan Dell. 4:00 Kenneth McKellar Sings a Song for Everyone. 4:30 Sing Something Simple. 5:05 Charlie Chester. 7:00 Huddwinks. 7:30 The John Lawrenson Collection. 8:30 Sunday Half-Hour. 9:00 Your Hundred Best Tunes. 10:05 Songs from the Shows. 10:45 David Kay at the piano. 11:30 Peter Clayton with "Sounds of Jazz." 7:00 am Ellie Hill presents "Nightride." 3:00-4:00 A Little Night Music.

Medium Wave as above except:
3:00-4:50 pm FA Cup Soccer Special (Millwall v Liverpool).

BBC RADIO 3

7:00 am Stuttgart Chamber Orchestra: Vivaldi and Bach. 7:30 News. 7:35 Louis Kentner (piano) (mono): Transcendental Studies by Liszt and Lyapunov, Schumann's "Arabesque" and Mozart's Piano Concerto in A, K414. 8:30 News. 8:35 Your Concert Choice. 10:30 Music Weekly. 11:15 BBC Symphony Orchestra with Martyn Hill (tenor): Britten (Prelude and Fugue for 18 Strings), Gerhard (Canciones de Pedrell), Vaughan Williams (Symphony No 2, "London"). 12:30 pm Imogen Cooper (piano): Weber (Sonata Op 39), Liszt (Sunt lachrymae rerum, Jeux d'eau, Bagatelle sans tonalité, Réminiscences de Lucia de Lammermoor). 1:30 Third Ear: Canadian novelist and poet Margaret Atwood. 2:00 Historic Schubert (mono): The Busch Quartet's record of the Quartet in G D887.

2:45 Boston Symphony Orchestra: Webern (5 pieces Op 10) and Mahler (Symphony No 9). 4:15 Eugene and Carmina Sarbu (violin and piano): Beethoven (Sonata in A Op 47, "Kreutzer") and Prokofiev (Sonata No 2 Op 94a). 5:30 Celebrity Recital: Estonian Philharmonic Chamber Choir. 6:15 New Zealand Cinema (mono): Feature by Philip Rope. 7:00 Schoenberg's "Gurrelieder": Simon Rattle conducts a performance with a cast including Hans Hotter as the Speaker (8:15-8:30 "The Air From Other Planets": a consideration of Schoenberg as a painter). 9:50 Eduard Tubin: Piano Sonata No 2 played by Vardo Rumessen. 10:00 Play: "The Dreaming of the Bones" by W B Yeats. 10:30 Choral Evensong. 11:25 An Italian Sound: Baroque instrumental music by Salamone Rossi and Biagio Marini played by the Ensemble Rossignol. 12:00-12:05 am News.

RADIO 4

7:00 am News. 7:15 On Your Farm. 7:45 Sunday with Clive Jacobs and Kati Whitaker. 8:50 The Week's Good Cause. 8:55 Weather. 9:00 News. 9:15 Letter from America, by Alistair Cooke. 9:30 Morning Service. 10:15 The Archers. 11:15 News Stand with Nicola Wainwright. 11:30 Pick of the Week (s). 12:15 pm Desert Island Discs: Joan Armatrading (s). 12:55 Weather. 1:00 The World This Weekend. 1:55 Shipping Forecast. 2:00 Gardeners' Question Time.

2:30 "The Hound of the Baskervilles" by Sir Arthur Conan Doyle (s). 3:30 A Green and Pleasant Land. 4:00 Classic Features. 4:30 Enquire Within. 5:00 News; Down Your Way. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News. 6:15 Feedback: Chris Dunkley airs audience comments about BBC programmes and policy. 6:30 Cat's Whiskers (s).

7:00 News; Open Mind. 7:30 Fear on 4 (s). 8:00 Bookshelf. 8:30 Soundings: Ted Harrison in conversation with The Most Rev Dr Robin Eames, Anglican Primate of All Ireland. 9:00 News; The New Gods. 9:15 The Natural History Programme. 9:59 Weather. 10:00 News. 10:15 Paula Revisited. 11:00 In Committee. 11:30 Seeds of Faith (s). 12:00-12:33 am News.